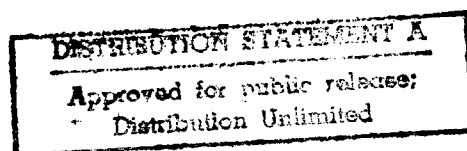


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Latin America Report



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16 August 1985

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INTER-AMERICAN AFFAIRS

ANTIGUA REPORT CITES UK TRADE WITH, AID TO OECS

FL131538 Bridgetown CANA in English 1454 GMT 13 Jul 85

[Text] St Georges, 13 Jul (CANA)---The Government of Antigua and Barbuda has circulated a paper to fellow member countries of the Organization of East Caribbean States (OECS) showing that while the United Kingdom enjoyed a massive favourable balance of trade with Antigua and Barbuda between 1982 and 1983, London provided the small Caribbean country with minimal aid.

The Antigua and Barbuda paper, which was circulated at the OECS heads of government meeting here last month, shows that the UK imported 8.7 million pounds sterling worth of goods from St Johns over the 1982-1984 period, while it exported goods to the small Caribbean territory to the value of 45.7 million pounds. In 1984 alone, Antigua and Barbuda bought 22 million pounds worth of British products.

The paper said that while Britain enjoyed a favourable trade balance with Antigua and Barbuda of 37 million pounds during the period 1982-84, it gave the Caribbean state only 2.3 million pounds in aid for the same period.

The paper argues that in one year, 1984, Antigua and Barbuda bought ten times as much from Britain in money terms than it received in aid for four years.

Analysing the trade figures between Britain and the OECS countries for the period 1982-84, the paper revealed that St Lucia, St Vincent and Dominica were the only three countries to enjoy a favourable balance of trade with Britain. Montserrat, Grenada, St Kitts-Nevis and Antigua and Barbuda suffered from a trade imbalance with the UK, but Antigua and Barbuda suffered worse.

While the unfavourable balance for Antigua was 37 million pounds, the imbalances in respect to the other states were: Grenada, 3.5 million pounds; St Kitts-Nevis, 3.9 million pounds; and Montserrat, 5.4 million pounds.

The paper said St Lucia had the most favourable balance of trade with Britain, exporting 45.2 million pounds more than it imported.

The paper stated that given the trade figures, some OECS countries have less to complain about than others. The country which has a very positive case is Antigua and Barbuda, which represents 31.95 percent of the British export market in the OECS, or more than any other two OECS countries combined.

By the same token, Antigua and Barbuda's exports to the UK represent only 4.93 percent of all OECS exports to the UK.

On the aid side, the paper said Antigua and Barbuda is also one of the least beneficiaries of UK aid, ranking only in front of Grenada, which was penalised during the period 1981-83.

The paper produced statistics showing that over the period 1981-84, UK aid to the OECS totalled 28.6 million pounds. It said that the principal beneficiaries of UK aid were also the countries which enjoyed the most favourable trade with the UK. Those countries were St Lucia with 6.8 million pounds and Dominica with 6.3 million. Montserrat, as a colony, was the third beneficiary with 5.2 million, followed by St Vincent with 3.7 million and St Kitts-Nevis with 3.1 million. Antigua and Barbuda with 2.3 million was ahead of Grenada.

However, the paper points out that in the case of Grenada, between the period 1981-83 UK aid totalled 246,000 pounds, but in 1984 alone with the leftist Maurice Bishop government out of office, aid to St Georges totaled 693,000 pounds, almost three times as much as the three previous years combined.

The Antigua and Barbuda Government paper also stated that between 1981-84 UK aid to CARICOM countries was 104.3 million pounds, but two CARICOM countries had the lion's share. Jamaica got 39.9 percent and Belize 18.9 percent. The remaining 41 percent was shared among 11 countries.

The paper recommended that two courses of action should be taken on the matter. As a first step, it strongly recommended direct bilateral discussions with the UK Government by Antigua and Barbuda, Grenada and St Kitts-Nevis, which were the worst affected. It also called for a joint meeting between the OECS states and the UK Government.

The paper was endorsed by the OECS heads of government and a meeting with UK minister responsible for overseas development, Timothy Raison, is scheduled for the end of this month.

It is expected, however, that Antigua and Barbuda and St Kitts-Nevis, which are the least beneficiaries of British aid while being the biggest markets for British products, will also be seeking direct bilateral discussions with London.

CSO: 3298/896

INTER-AMERICAN AFFAIRS

CHILEAN, ARGENTINE BUSINESSMEN DISCUSS INTEGRATION MEASURES

Santiago EL MERCURIO in Spanish 8 Jul 85 p C-3

[Article by Justo Beroisa, special correspondent]

[Text] Comodoro Rivadavia--Different agreements to promote trade and joint export initiatives were adopted by more than 150 Chilean and Argentine businessmen and industrialists who met in this southern trans-Andean city until yesterday.

The delegations were headed by the intendants of the Chilean regions of Los Lagos, Aisen and Megallanes and the governors of the Argentine provinces of Neuquen, Rio Negro, Chubut, Santa Cruz and Tierra del Fuego.

These delegates agreed to hold a new meeting in the Chilean city of Punta Arenas on a yet undetermined date. They revealed their joint interest in the development, progress and well-being of both countries.

The joint statement issued at the close of this first regional meeting said: "Our desire is to promote policies for bilateral integration that favor the achievement of those goals stated in the Treaty of Peace and Friendship."

It also indicated that this business forum "opens interesting prospects of economic exchange and complementation between the southern regions of the two countries with the hope that this is the beginning of a genuine process of bilateral regional integration."

They agreed to try to finalize direct exchanges, region to region, ranging from lumber development, mining activity and commercial trade to complementation in research and advanced education, transportation, communication and tourism.

A "legislation committee" was also created. It recommended "requesting the implementation of a preferential tariff system for the export of products from the Argentine Patagonia to the Chilean Patagonia and vice versa." It advocated the establishment of an import-export system between the two zones without using foreign currency up to \$20,000. It also proposed the open sale in the region of the currency of each country to facilitate tourism and trade.

The forum also suggested the creation of an Argentine-Chilean Patagonia Woods Exporting Common Market and requested "the adaptation and improvement of the ports needed to permit fluid interregional commercial trade and passage to the oceans next to each country."

It also pointed out the need to have at least one international airport on each side of the mountains to expedite trade relations and asked the governments to refrain from taking measures that affect tourist passage across the borders. It requested border passes with identical tourist conditions. It also wants transactions and activities carried out in the same place to avoid delays and complications.

Common Market

As to the wood common market, these businessmen favored laws that lead to quick and fluid Chilean-Argentine Patagonia trade and finalization of binational high technology enterprises to exploit the natural resources.

In the agricultural-livestock sector, vegetables in general, potatoes, oats, seeds, firewood, charcoal, wool, hides, breeding animals, equipment and cypress posts from Chile will be exported. Argentina will export fertilizers, veterinary medicines, agricultural machinery, food in general and breeder horses, sheep, cattle, etc.

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CSO: 3348/800

INTER-AMERICAN AFFAIRS

INTERNATIONAL TECHNICAL COOPERATION GROUPS MEET IN URUGUAY

Montevideo EL DIA in Spanish 3 Jul 85 p 5

[Text] A meeting will be held this Thursday and Friday on technical cooperation among various professional training organizations from Argentina, Brazil and Uruguay.

The opening ceremony will take place in Room B of the conference center of the Municipal Intendancy. The minister of labor, Fernandez Faingold, and the director of the Council of the Technical Professional Department of the UTU [Labor University of Uruguay] will attend.

The event is sponsored by the National Directorate of Human Resources of the Ministry of Labor and the UTU and is organized by CINTERFOR [expansion unknown], a specialized agency of the ILO that is based in Montevideo.

Sources involved in the meeting indicated: "Technical cooperation among developing countries in the field of professional training and technical education operates mainly through CINTERFOR." They also stated: "This type of meeting is a very efficient and cheap way to transmit and exchange experiences and knowledge, promoting innovations and encouraging mutual aid."

It should be pointed out that Argentina, Brazil and Uruguay have had this type of cooperation for some time. Ways to intensify it will be agreed on at this meeting. Mechanisms to set joint priorities in this sector will also be analyzed to further strengthen the exchange.

Another important point that will be covered at the seminar will be the financing of these technical and professional training activities.

Finally, CINTERFOR authorities indicated: "The meeting will be particularly useful now when the adjustment measures that the governments adopt require re-training and additional training of the work force."

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CSO: 3348/799

INTER-AMERICAN AFFAIRS

INTERNATIONAL RAILWAY CONGRESS TO BE HELD IN MONTEVIDEO

Montevideo EL DIA in Spanish 3 Jul 85 p 7

[Text] Enterprises and industrialists from America and Europe who belong to ALAF [Latin American Railway Association] will meet in Uruguay from 27 to 31 October.

This regional congress is a real achievement of our officials, especially the AFE [State Railways Administration]. It will make the efforts toward integration promoted by President Julio Sanguinetti first and then the Uruguayan delegates who have participated in the international forums held after the constitutional government came to power materialize.

The meeting will deal basically with "Latin American railway integration." It will also focus on the experiences of enterprises with interconnected lines, ways to achieve greater efficiency in international transportation in order to contribute to community development and commercial, industrial and technical contributions to the enterprises to improve their systems.

Secondly, a bill presented by the Brazilian delegation concerning social, economic and political aspects of urban, metropolitan and suburban transportation will be analyzed and discussed.

Sanguinetti Will Open It

Confirming the importance the president of the republic assigns to this Latin American congress, Dr Julio Sanguinetti himself will preside over the opening ceremony planned for 27 October.

Jorge Sanguinetti, minister of transportation and public works, will help preside over the closing on 31 October.

Those delegations attending include Latin American railway enterprises from Chile, Brazil, Guatemala, Honduras, Mexico, Panama, Nicaragua and Peru, associate members, industrialists who produce capital and consumer goods, urban passenger transportation companies and consultant groups from European countries like Spain and France.

Uruguay Center of Attention

The president of the AFE, Juan Berchesi, stressed the importance of this forum. For several days, our country will be the center of attention of international media connected to railway affairs.

The head of the AFE also said that this congress will let Uruguay regain the position it never should have lost. It did not have international contacts during the years of the de facto government.

Berchesi pointed out that President Sanguinetti's presence will enhance the meeting.

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CSO: 3348/799

INTER-AMERICAN AFFAIRS

BRIEFS

PERUVIAN, CHILEAN TRADE PROMOTED--Iquique--At the end of the exhibit of products from southern Peru held from 24 June to 29 June, an agreement was signed by representatives of ZOFRI [Iquique Free Trade Zone]; FOPEX [Institute for Promotion of Nontraditional Exports] of Peru; the Chambers of Commerce of Cuzco, Arequipa, Tacna and Iquique; and the ZOFRI Customers Association. The objective of the exhibit was to promote trade and greater integration between the regions of northern Chile and southern Peru. The agreement signed at the end includes recommending to the appropriate authorities of both countries: participation by representatives of business groups involved in bilateral foreign trade in the meetings of the Joint Peruvian-Chilean Cooperation Commission; implementation of a fast and expeditious system for border and internal controls, especially customs and health controls; the possible extension of the territorial scope of safe conduct to the regions of northern Chile and southern Peru; improvement of telephone, cable and postal services; and the establishment of preferential tariff treatment. [By Dora Chipoco Jorquera] [Excerpt] [Santiago TERCERA DE LA HORA in Spanish 2 Jul 85 p 16] 7717

GRENADA-VENEZUELA RELATIONS--A Venezuelan military aircraft will begin flying in 45,000 polio vaccines to Grenada today as a gift from the children of Venezuela to the children of Grenada. The arrival of the polio vaccine follows the announcement that Venezuela's special ambassador to the Caribbean and Grenada's prime minister have agreed to upgrade diplomatic relations to the ambassadorial level. Until now, Venezuela has been represented in Grenada by only a charge d'affairs. The two countries also agreed to step up cooperation in technical and economic planning matters. [Text] [Bonaire Trans World Radio in English 1130 GMT 12 Jul 85 FL]

CSO: 3298/896

ANTIGUA AND BARBUDA

NATIONAL DEMOCRATIC PARTY SCORES DEPORTATION SECRECY

St Johns THE WORKERS VOICE in English 22 Jun 85 p 2

[Text]

At a General Meeting of the National Democratic Party held on the 6th June, 1985, the General Membership of the Party instructed the Organizing Executive to solicit from the Government of Antigua and Barbuda the reasons for the deportation from the State of some 60 members of Agricultural Missions on the 23rd April, 1985. Documentation submitted to the Party by the Caribbean Council of Churches, who were coordinating local preparations for the group, indicate that Agricultural Missions is a "functional" unit within the National Council of Churches of Christ in the United States and that they were coming to Antigua to hold their annual Board Meeting and Study Session.

Accordingly, we have today written to the Prime Minister copied to the Deputy Prime Minister and Minister of Foreign Affairs requesting an explanation of the de-

portation and the manner in which it was implemented.

We have also indicated to the Prime Minister that while we accept that in matters of National Security, Government is not legally obliged to give reasons for deportations, we feel that in this and most other instances, Government is morally obliged to do so. From the documentation submitted to us we find it difficult to believe that Agricultural Missions could possibly constitute a threat to our National Security and we therefore feel the citizens of Antigua and Barbuda are entitled to a full and frank explanation by Government for its actions.

We have asked the Prime Minister for a prompt response to our correspondence.

WILMOTH DANIEL
Public Relations Officer
Organizing Committee of
the National Democratic
Party

ANTIGUA AND BARBUDA

ACLM ORGAN RAPS GOVERNMENT POLICY EXPRESSED IN HECTOR TRIAL

St Johns OUTLET in English 14 Jun 85 pp 1, 2

[Front page comment: "The Dangerous Luckhoo Doctrine"]

[Text]

Last Wednesday in the Magistrate Court, in the celebrated trial of the Outlet Editor, for allegedly "printing a false statement likely to undermine confidence in the conduct of public affairs" Lloyd Luckhoo as government prosecutor laid down a new, and in our view dangerous doctrine.

The Luckhoo Doctrine states that government does not have to answer public criticism in the press or other media. All it has to do is to prosecute. Prosecution in the Courts is the best answer, said Luckhoo, warning to his theme.

The Doctrine is not only dangerous, but dangerous in the extreme.

According to the Luckhoo Doctrine Government does not have to do anything, except it cannot declare a man to be a woman and vice versa. According to the Luckhoo Doctrine government does not have to confirm anything, does not have to deny anything, does not have to account to the public for issues raised about its stewardship. All the government has to do, according to the Luckhoo doctrine is to prosecute the single the sole medium, that is not direct-

ly controlled by the State "in a spate of Court cases". And such prosecution is criminal.

The Luckhoo Doctrine is dangerous in the extreme. For it makes criminals of any journalist willing to serve the public with information critical about the ruling people. An uncritical public is a certain basis for dictatorship. Luckhoo ought to know that.

In the first place, Government is responsible to the GOVERNED, not to the Courts. It is to the Governed that the Government has to account for all its public actions, exposures of its actions, and not to the Courts.

Even dictatorships, whether masked by a constitution or not, accept that in principle, whether they honour it more in the breach than in the practice.

Secondly, the function of the Press is to inform, investigate, expose, criticise, educate and entertain. If in its critical or informative function it undermines or increases confidence in the administration that is purely incidental. The essential function of the press to inform, expose, criticise, educate and entertain cannot be circumscribed by whether confidence in the administration of public affairs is increased or decreased.

Thirdly, it is the administrators of public affairs who have in their bounden duty to increase confidence in public affairs by their BEHAVIOUR in public office, by their OPENESS and RESPONSIVENESS to public criticism or concern. That we thought, to one such as Luckhoo, was self-evident. But alas!

Fourthly, no newspaper can survive if it is required to reveal and disclose its sources of information in a Court. The moment it does so it destroys trust, confidentiality and the very good faith on which the sources acted in the public interest. That too is an elementary principle. But lawyers, such as Luckhoo, seem to hold that the only confidential relation to be respected is that between lawyer and client. They had better think again. For the doom of the press, implies the doom of the rule of law, and therefore, the very practice of law as they know it.

Fifthly, the law of libel and slander is more than enough to ensure the protection of the public, be they Minister or Mr Pickup Jimmy against defamation and slander by the Press. The moment Magistrates are asked to believe Cabinet or the Press, the Court itself is asked to choose between the Established and the dis-established. The moment Magistrates are asked to determine whether public confidence in an administration has been affected, they are being asked to be guardians of public confidence of the existing regime, no matter how corrupt such regimes are.

It is an accepted fact of political life, we thought, that confidence comes and goes, increases and decreases, according to issues and crises of political life, the behaviour and misbehaviour of public officers in public office. Those fluctuations of confidence are normal, in a normal society. Now, affecting the process of public confidence, has become a CRIMINAL offense, and the normal process of journalism has become the abnormal process of criminality. Such is Luckhoo's doctrine. The vic-

tim, Outlet, becomes the accused. The times are out of joint. The normal becomes the abnormal. The investigator becomes the criminal. Information and its revelation is the number one crime in Antigua. Such are the practical consequences of the Luckhoo doctrine. It, doubtless, may not have been his intention, but nevertheless it is the result.

Moreover, when a government refuses to respond to public opinion and public concern voiced in the organs of public expression, it automatically debases confidence in the administration of public affairs by its secret, closed, totalitarian indifference. Least of all can such a government, acting in a tight-lipped, closed and indifferent manner to public opinion and concern, blame the press for raising public concern. It must blame itself for its own silence, its own indifference, its own calculated hostility to any expression of public opinion and concern and its own prosecutorial attitude.

Once a government chooses to remain silent, obdurately so, to be indifferent or hostile to public concern and the public interest as expressed in the press, it automatically violates its social contract with the GOVERNED, and violates too, public confidence in public affairs. It is not the Press which is culpable. It is a government so acting in violation of its trust that ought to be prosecuted at the bar of public confidence.

That to anyone in possession of the barest rationality would seem an elementary principle for the conduct of public affairs.

To Luckhoo it is not. We are most reluctant to assail Lloyd Luckhoo as coming from Guyana, clothed in the tatters of the

Burnham regime, and bringing with him Burnhamesque notions of the paramountcy of the ruling party over public opinion, public concern, press, Court, Church, Trade Unions, and every single institution of Life.

We are quite willing to accept Lloyd Luckhoo as a resident here. We hold to the view that the Caribbean is for Caribbean people. And, we will not concede to anyone that a Caribbean person does not belong in the Caribbean archipelago.

Therefore it is clear, and ought to be abundantly clear, that our criticism of Luckhoo does not proceed from a chauvinist or xenophobic perspective.

What is obvious is that there is a social type in the Caribbean who while presenting themselves as partisans of freedom; who may even become political refugees unable any longer to support the fraudulent dictatorship which once used their services; but who, to ingratiate themselves with an Establishment, become the enemy of the principles by which, and by which alone, a people can develop themselves.

Certainly Luckhoo creates alarm and concern when he lays it down that the "best" and fundamental relation between government and press must be one "of a spate of court cases". The kindest view that can be taken of such a proposition is that it is self-serving. Prosecution provides an opportunity for lawyers to make money.

Luckhoo ought to know better and ought to be above such propositions. But that social type never fails to disappoint whenever it has to take a position on any matter, once its financial or other interests are involved. They are their own worst

enemies. Often invoking on themselves public opprobrium among friend and foe alike, by their own statements on serious issues. Cosmos Phillips is a well-known example.

By the way, how variable are the ways of such as the Luckhoo's of this world. Only yesterday the relentless advocate of Walter against the Birds, today he is the remorseless special prosecutor of Outlet for the Bird regime. It is perhaps no accident, that in his special role as special prosecutor he has appeared only in the spate of cases against Outlet. He has become, by choice the accident of profession, the Tsar's Rasputin complete with cherubic grin and baggy pants, in merciless pursuit of a free and critical press, and defining a doctrine of unfreedom, a la Burnham, to support his rôle. History turns and returns on itself.

We would wish to emphasise that any government that chooses to follow the Luckhoo Doctrine, and prosecute the press "in a spate of Court cases" will find itself hell-bound for prosecution and condemnation before a higher Court - the Court of the people.

No government adopting the Luckhoo Doctrine can long survive, unless it uses arms as the primary weapon to finally liquidate, in a burst of gun-fire or bombs, legitimate creators of public opinion and public concern.

In Guyana, exactly 5 years ago to the day, the late great, world-renowned liberator, Walter Rodney, was so liquidated on a not dissimilar, though unstated doctrine.

Lloyd Luckhoo, even as a Guyanese in retreat from the Burnham danger, has not apparently absorbed the

reason for Rodney's death in his own native land, and therefore carries in his Doctrine the germs of the disease.

It is enough to conclude with this: No Government, in East or West, no people, no society, can long survive, as a viable and meaningful entity, which seeks to prosecute the process of public information, public concern, public exposure, public investigation of public affairs. It will be hoisted on its own petard.

Though Outlet and ACIM were partisans of the Grenada Revolution, we did not hesitate to warn publicly that its closure of a newspaper, justified on whatever grounds of destabilisation, was wrong in principle and dangerous in practice.

Government prosecution of the press "in a spate of Court cases" is another way of closing the Press other than by legislation or State decree. The consequences of such a step are well known. The Luckhoo Doctrine and its partisans will bear a great deal of responsibility for the unfreedom and dictatorship implicit and inherent in their advocacy of this doctrine.

Antigua and Barbuda could do without the Luckhoo Doctrine, if not Luckhoo.

CSO: 3298/897

ANTIGUA AND BARBUDA

MINISTER CRITICIZED FOR PLIGHT OF AGRICULTURAL WORKERS

St Johns THE WORKERS VOICE in English 26 Jun 85 p 1

[Text]

Agricultural workers, once employed by the Agricultural Development Corporation and the Antigua Sugar Industry Corp. continue to suffer hardship in this country at the hands of the stubborn and hard-headed Minister of Agriculture.

These workers once formed the back-bone of the ATLU and the Antigua Labour Party. They alone continue to support the ALP when Walter and his gang broke ranks with Bird & Co. and took the whole island with them.

These workers never ceased to be faithful. For this they were punished by the PLM when the Sugar Factory was closed and the Diamond workers harassed and dismissed.

During the island-wide strike in 1968, only the sugar factory and the Diamond workers continued to work. Up to that time they were useful and needed. Today it is a different ball game. The Government's agricultural programme as far as Government Statutory Bodies seem to be nil and only the small farmers are being productive.

ASIC workers are due back-pay since the completion of the 1983 negotiations and the Minister has refused to pay them. The back-pay totals a paltry \$57,000.00. The management of ASIC has

done its best to try and obtain the workers money for them, but have been restricted by the Minister of Agriculture who claims that Moody Stuart sent home his father without any compensation.

This same Minister laid off the Diamond workers nearly a year ago and they are unable to receive their severance pay up until now.

The Union is doing its utmost to obtain the money for these people but all efforts are frustrated by the hard-headed Minister.

The workers cannot strike, because the few who are still employed would only be sent home and everything closed down. Meanwhile the workers continue to suffer. Most of them are not eligible for Social Security benefits, as they were already over the age when the Scheme was introduced.

Minister Yearwood represents a farming community. These people and their families who are made to suffer at his wicked hands should not forget. There is another time.

The Minister is at present living it up on his China Safari. His subsistence from that trip could probably pay off the back-pay for ASIC workers.

ARGENTINA

DEFENSE BUDGET REVIEWED, OBJECTIVES DEFINED

Buenos Aires CLARIN in Spanish 21 Jun 85 p 16

[Text] The Armed Forces budget for this year has been planned in such a way that a far-reaching reorganization of the respective institutions will be essential, "but not one that will cause operating problems," say Ministry of Defense sources.

The main purpose is to achieve a level of defense spending equivalent to 2 percent of the GNP, as repeated announced by high officials, in accordance with the government's general objectives.

A thorough study has been made starting in 1970 and revealing a series of highly significant factors, in accordance with the thought of the members of the current political-military leadership. The analysis indicates that the average budget for the 5-year period from 1970 to 1974 doubled starting in 1978 and reached its peak in 1980, when the 1972 figure was tripled. Likewise, there is a substantial reduction from 1983 to 1985, on the order of 36 percent.

The corresponding figures (in Argentine pesos) are as follows, in current values:

In 1970, the total Armed Forces budget was 221.8 million pesos, representing 2.5 percent of the GNP, which figure rose to 1,184,000,000 pesos (2.4 percent of the GNP) in 1974, with slight variations in percent in the intervening period.

In 1975, the budget rose to 4,209,300,000 pesos (3 percent of the GNP), a trend that was accentuated in 1976, when the fight against terrorism was in full swing, with the total amounting to 24,888,500,000 pesos (3.3 percent of the GNP).

A new increase came in 1978, coinciding with the crisis in relations with Chile, totaling 196,900,500,000 pesos (3.8 percent of the GNP).

This rising trend continued, reaching a maximum percentage of the GNP in 1981 (4.7), with a total of 2,549,999,200 pesos, dropping slightly in the following 2 years (4.2) and suddenly to 2.8 percent in 1984. Predictions for this year are 2.4 percent of the GNP, with a total of 600 billion pesos (proposed budget).

Another interesting figure: The highest proportion of participation of the Armed Forces' budget in the total national budget was in 1980 (29.2 percent of the GNP) and the lowest in 1975 (14.7 percent), a figure repeated (in percentage) last year, while it is hoped that by 1985, it will be reduced to 13.7 percent.

Other Features

One fact manifested is the constant in the percentage distribution of resources among the different branches of the Armed Forces, which throughout the period remained at 42 percent for the army, 33 for the navy and 25 for the air force.

The sources in question also revealed that budget rigidity of the Armed Forces due to a structure established for a period when resources were double the current total.

Consequently, in the case of the army, 98 percent is devoted to amortizing the foreign debt, paying personnel and operating expenditures, leaving only 2 percent for investments.

Regarding the navy, 93 percent of the budget is devoted to amortizing the foreign debt, paying personnel and operating expenses, with 7 percent going to commitments to the national shipyards.

Concerning the air force, 89 percent of the funds go to amortize the debt, paying personnel and operating expenses, leaving 11 percent for investments.

If one bears these figures in mind and the aforementioned rigidity for personnel expenses and fixed expenditures, the latest budget reductions will essentially affect operational tasks.

Problem of Foreign Debt

According to reports, the total foreign debt of enterprises in the Armed Forces sector and the National Antarctic Directorate was \$3.55 billion at the end of last year, corresponding to capital amortizations and interest due. (This constitutes 7.9 percent of the total national debt.)

Enterprises make up 36 percent of the debt, the Armed Forces 61 percent and the National Antarctic Directorate 3 percent.

If this total could be refinanced under the best possible conditions, it would go up 9 percent. Reaching such an agreement would imply that payments due for 1986 would amount to some \$950 million in capital and interests, \$810 million in 1987 and \$710 million in 1988, sums very difficult to reach based on the current budget figures, for they would amount to practically 1 percent of the GNP.

11,464

CSO: 3348/774

ARGENTINA

CASELLA ON ARMED FORCES, IMPORTANCE OF COORDINATING BOARD

Buenos Aires LA PRENSA in Spanish 18 Jul 85 p 9

[Interview with Juan Manuel Casella by Jorge D. Boimvaser; date and location not specified]

[Text] In the view of some members of the Radical Party, Juan Manuel Casella is one of the president's "bishops." Others (the governing party's more radicalized groups) claim that he is a skillful negotiator but of the "touch and go" type which, in soccer jargon (and political as well) means quickly getting out of a particular situation with potential troublesome features in order to avoid strain. This latter sector maintains that Casella was an informing member and driving force of the bill for reform of the Code of Military Justice in the Chamber of Deputies at a time when the Congress was threatening to actually become a legislative branch par excellence, transcending internal partisan affairs, and not the pathetic image shown by Congress at that time, regardless of how Jaroslavsky and other peers of his were irritated by any mention of this fact (although it really must be admitted that, at least once a month, facing the window for payment of their respective salaries, the legislators have no great problems in forming a quorum).

When the government failed with its trade union bill, Casella left Congress and held the Labor Ministry post until a "good dialogue" (it never went beyond that) was achieved with the Peronist union apparatus.

At that time, the Radical, Maglietta, remarked: "After the romance between Aniceto and La Francisca came the romance between Casella and the street gang," expressing disappointment (and perhaps impotence as well) upon observing that the platforms of the electoral battle against the "military-trade union street gang" did not actually exceed a mere promise or expression of desires that the ruling administration could not put into effect.

"Those who accused me of that conspiracy or betrayal of the Radical electoral platforms were left without a place when President Alfonsin himself held dialogue with the Justicialist trade unionists," responds Casella to that charge.

The fact is that, after his fleeting passage through the Ministry of Labor, the former deputy-minister engaged in making internal alliances in Buenos Aires Province which consolidated him a few days ago as the supreme leader of the Radical Party in that district.

Because of that innate negotiating capacity and skill at political control, he has become one of the confidantes of the president of the nation. An attorney, aged 42, with an ulcer to withstand which he attributes to the adrenalin produced by the tensions involved in negotiating at the summit of power, Casella talked with LA PRENSA about the three features that have marked his party work from December 1983 to date: the military situation, the trade union issue and the party's internal elections.

The 'Deadline'

Because he had been chairman of the Chamber of Deputies' defense commission, our first question was to ask him what use it was to amend the Code of Military Justice if the issue concerning the military commanders of the process was not yet resolved. He replied: "There are basic facts which prove that those reforms were important. On the one hand (Casella claims), there is a national awareness that, constitutionally, it was impossible to believe that nothing had happened with respect to the repressive methods carried out by the higher commands from 1976 onwards. Hence, the reforms included the civil process of appeals, aimed at eliminating the state of distrust concerning the military justice system, and it is the mechanism for the reform that is in effect. But, over and above those reforms, the government and the society have acquired an awareness that there must be an end to the issue, setting a "deadline" which I think is near. But this has nothing to do with the amnesty; rather, it means the return of the criminal liability to the higher echelons of the forces which planned, ordered and directed the repression from 1976 onwards. But, in addition, the reforms made in the military codes do not consider the human rights issue alone, but are also aimed at amending the doctrine of the Armed Forces and the organizational structure of their commands. In conjunction with the defense law currently in Congress, the aim is to eliminate the doctrinal concept of national security that Onganía brought from West Point in 1966. Furthermore, we have reduced the structure of every branch, providing it with greater operating capacity. In the Malvinas, it was observed that the lack of unity of command was a cause of a defeat; for which reason Alfonsín has established a chain of command for the Joint Staff and has consolidated the stable civilian-military relationship, based on the constitutional chain of command system wherein he is commander in chief of the Armed Forces."

[Question] Casella, how will compatibility be achieved between the trial and the "deadline" with regard to the excesses, to give them some name, among the intermediate and lower echelons?

[Answer] At the present time, there are two sectors which want an indiscriminate trial: the human rights organizations which espouse the cause of trial and punishment, and the top military themselves, who want to conceal their liability in a trial of the entire Armed Forces, and not of those who led them, as liable for what occurred. But not all illegal acts entail aberrant acts; this means that the intermediate and lower echelons that committed illegal acts during the war against subversion could revert to the higher organization

the liability for the blameworthy acts. Furthermore, the Code of Military Justice indicates that a subordinate may refuse to carry out orders which entail aberrant acts.

[Question] When will the "deadline" be approved?

[Answer] I don't know the time or the political occasion that the president will decide upon, but there has been talk of a "deadline" since Borras' time, as an essential requirement for stabilizing the society.

[Question] However, there will be many dissatisfied sectors.

[Answer] Yes, on both sides. The right, with the excuse that the Armed Forces were responding to the subversion, wants total amnesty. The left wants to involve the institutions and not the flesh and blood men who were guilty of the atrocities. But both positions are impracticable, and seek to lock up the Argentine society, some with impunity and others with vengeance. All we want is justice.

[Question] General Arguindegui told me that the mistake in the military reforms was in failing to categorize the type of antissubversive battle.

[Answer] If he wants the war to be categorized as "dirty," in which anything is allowed, he is mistaken. It is not a matter of categorizing the nature of the war, but rather the acts committed by flesh and blood men, and this applies both to the guerrillas and the repressors. That is why Firmenich is staunchly on Videla's side.

[Question] But will the spirit of the "deadline" be for Videla's subordinates and those of Firmenich?

[Answer] No, because it will not be applied to a legal structure of commands which took a position outside the law. The guerrilla movement is an unlawful association, and that should be taken into account as a distinction between the one organization and the other. Both Videla and Firmenich are similar versions of an autocratic concept of command, and two totalitarian views on the organization of the society. Hence the difference with respect to amnesty: the latter would be for both, and we do not accept that notion.

[Question] Casella, how do you, who had ties with the Armed Forces, and now, through your government contacts, view the government's relations with the military?

[Answer] They are good and they have been improving with the passage of time, as the military chain of command realized that the government was not seeking revenge, and that it is Alfonsin's desire to preserve the military institutions. Although it must be admitted that the delay in ending the matter of the trials and the liability have tended to cause a state of anxiety among the lower echelons.

The Trade Union Issue

Casella expressed this view: "When I contacted the labor minister with the top-ranking trade union leaders, I considered it ridiculous to want the government to operate in the union area lacking relations with the heads of the organizations that they represent. I also maintained that the best way of putting an end to lifelong leaders was to call for union elections with maximum guarantees. In some instances, changes of leadership occurred, such as in the Association of State Workers (ATE); and in all instances, but particularly in the machine industry, there appeared new leaders on the intermediate and lower levels, such as internal commissions and groups of delegates. It is now evident that many of those leadership positions have been filled with individuals having different ideological persuasions, and the level of participation in the elections has risen considerably."

[Question] But, generally speaking, the structure of the trade union movement is still the same as ever, with some exceptions.

[Answer] But the enactment of a renewal process is irreversible. The intermediate leaders are starting a career which, within a period not exceeding 5 years, will lead them to replacing the present leaders. When that changeover occurs, I think that the new individuals will be less negotiators than the present ones, and possibly far more pluralistic.

[Question] Casella, about that comment that they will be less negotiators, might it be associated with the Ford case?

[Answer] No, I think that the issue there is different. The Ford dispute would indicate a possible agreement between the management sector and part of the internal commission which answers to Delfini. The company had to stop production. Delfini had to cause problems of a social nature and, in addition, harass the SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] leadership. It is my personal opinion that what Delfini was seeking was the violent idleness of the factory; but the government must be careful not to embark on "extreme" provocations.

[Question] A few days ago, Imbelloni told me that he intended to go to Ford and remove the flags of the extreme left, but that he had also invited Stubrin and Jesus Rodriguez to go, and they refused.

[Answer] It is logical: Imbelloni is an opponent and could not have any problems with his party, but...What is going on internally in the Radical Party, with the presence of Marcelo Stubrin? I think that there are risks that cannot be run.

Internal Elections

[Question] Casella, tell the truth. Are you satisfied with the Peronist congress at La Pampa?

[Answer] No, not at all. I don't usually express opinions about other parties but I don't think that it would suit the Radicals or, rather, democracy, to have a Peronism with certain leaders who participated in its deterioration. From an electoral standpoint, 3 November may benefit us, but it will not help meet the need for consolidating other power alternatives. I would like the Peronist movement to find its new identity and use the extensive power of social penetration that it has. The most serious danger that I see is the Peronist diaspora toward left and right. The extreme right needs to "people" the plan of Herminio, Camps and Verplaetsen, for example. In the case of Ford that I mentioned to you, the extreme left also needs a social base for its plan; and this could happen (I hope that it doesn't) with the dispersion of Peronism.

[Question] But, Casella, isn't the government abetting this split? For example of what use was the Alfonsin-Miguel meeting, which displeased the Peronists so much?

[Answer] The fact is that Miguel's rebirth, when his cycle seemed finished on several occasions, is as obvious as the pact between the military and the trade unions in its time. But it would be foolish to say that, because of this fact, Lorenzo is non-existent at present; because that is not so.

[Question] And what about the Radical internal elections?

[Answer] They didn't bring any great surprises; the results confirm the pre-eminence of Renewal and Change, the survival of the Coordinating Board as a major political apparatus and the relative quantitative loss of MIN [National Industrial Movement] and National Line.

[Question] Speaking of "apparatuses," I know of the case of a Radical deputy, Jose Bielicki, who, with his press apparatus, ended up "begging for exclusive" articles in certain newspapers; and, despite the fact that he procured them, he reached third place on an equal number of lists submitted at Moron.

[Answer] That proves that something more than apparatuses is required: political work and presence. The Moron situation pleases me, because we won the Coordinating Board (as in a great many locations) and Bielicki ran third.

2909

CSO: 3348/854

ARGENTINA

COORDINATING BOARD KEY FIGURES IN NEW UCR STRATEGY

Buenos Aires LA PRENSA in Spanish 19 Jul 85 p 9

[Article by Daniel Lupa: "New Strategy"]

[Text] Between this weekend and the beginning of next week, the metropolitan Radicals will have to decide on the composition of its local committee's board of directors. But his decision will certainly not stem from the balanced combination of lists of candidates for metropolitan deputies and councilmen, simultaneously with the in-depth analysis of the strategy that they will have to determine for the district.

This difficult package of political decisions follows upon the local internal elections which, although they managed to conceal the disagreements on the higher level, on the lower level, in the most strictly local election of sectional authorities and even for the steering organs of the entire district, showed a considerable dissent and a sweeping determination: the control, without options, of the "coordinating board" and the advent of a new local political leader, Mr Noziglia, whom even his best friends, in private, far from his hearing, call "Juliancito," in an obvious commemorative reference to Julian Sancerni Jimenez, a combative unionist leader and chief for decades.

The narrow margins for decisions left by both the results of the "internal" election and the orientation emerging from a political viewpoint will prompt a preliminary comparison of decisions and opinions among the new leaders and the head of the party per se. LA PRENSA has already noted in this same column that the "coordinating board" has not been recognized as anything but a movement "converging" with Alfonsin. It is by no means a movement created by him or dependent on his political image and presence. And he will necessarily observe therein the scope of the demands and the strategies that this currently dominant sector impose on the party.

Issues To Be Decided

It appears obvious that Noziglia has, as immediate assistants for sharing certain decisions, Deputy Stubrin, council member Suarez Lastra and Deputy Jesus Rodriguez.

With them, on the higher level where the decisions are made, he will have to determine the makeup of the Capital Committee. Up until now, Noziglia has

preferred to remain in the position of undersecretary of social action, under the shadow of Dr Neri, without assuming not only preeminent executive posts (he occupies only one secretary's position on the Capital Committee), but also electoral candidacies. Like Sancerni Jimenez in his time, he knows that the apparatus yields more power than what is displayed officially. Hence, in the determination of the new metropolitan leadership board, since all that exists is a serious lack of intelligence, he might come to hold the chairmanship. However, the doubt lies in ascertaining whether Noziglia will decide to retain in the chairmanship Jorge Gomez, son of Frondizi's former vice president and current secretary of the Buenos Aires Municipality. His performance in the chairmanship of the committee has been severely questioned, and his reelection might take into account the political price inherent in this record.

In any event, one man who will surely be included in the committee is Mr Calzon Flores, present administrative secretary of the bloc of Radical metropolitan council members and a figure rising rapidly in the constellation of the "coordinating" board. Similarly, sure to be included in the new committee (and perhaps in decisive political posts) is Enrique Arturo Mathov, currently "strong man" in the downtown and vital 14th section of Buenos Aires, an "independent" ally of the "coordinating" board. Finally, Gabriela Gonzalez Gass, a council member who has been typified as much by her quiet ideological work as by comprising a vital part of the "coordinating" apparatus, will not be absent from the new board. Hence, it will be made up almost exclusively of men from the coordinating board, taking into account the exceptional informal alliance with sectors such as Mathov's "independent" one, virtually the only different voice in the conglomerate of Buenos Aires sectional entities. It is likely that two men (out of 12) from the "historical" sector and one from National Line will complete the committee.

Council Members, Deputies, Strategies

How will this new system of authority be reflected in the selection of the candidates? In principle, until a few weeks ago, serious value was being attached to a matter which now appears, devoid of whispers, highly unlikely: That Dr Alfonsin had made a commitment with Dr Vanossi (whose congressional term ends this year) for his inclusion on the list of candidates for deputy, as principal leader.

This was based on an internal and external strategy: to present a flank of good will for Fernando de la Rúa's National Life, to which Vanossi belongs, so as to ensure that its traditionally "unchangeable political calmness" would not be broken and, externally, to devise a strategy that would enable the Radicals to display a candidate acceptable to the center, a political force which, under all circumstances, appears as the real option and opposition to Radicalism, since Peronism has been left so dismantled.

Nevertheless, based on the new results, this system appears to be declining and now, among the members of the group of four which is deciding things (Noziglia, Suarez Lastra, Rodriguez and Stubrin) there is clear mention of

giving Vanossi only a second (or third) place on the list, which would definitely be headed by Stubrin.

The reason for this change is attributable to a change of strategy: The center would hardly fail to seek its opportunity so long as the objective lies in taking forces away from the Peronists or making use of the discouraged votes in that sector. Vanossi is of no use for this purpose; Stubrin has a "better grip" because of the heated nature of his speeches, and his facility for promising and giving "historical explanations that would justify rapprochement" with the demands of the "Peronist man."

If Stubrin were first and Vanossi second on the list, Carlos Bello, a man described as the "strongpointer" from La Boca, would go into third place. Bello has experience in the party internal elections and Noziglia made use of it in the last ones held.

Weighing over him were serious accusations, in 1983, for presumed irregularities in the handling of party memberships. The fourth place on the list would be reserved for a member of the "unity" group, and fifth for a man appointed by superintendent Saguier as chief of the metropolitan Renewal and Change. And after the latter, Farizano, a member of the "coordinating" board, would repeat the initial design of the list.

In the case of council members, the situation would proceed in quite a similar fashion, because the list would be headed by Canata, president of the bloc, followed by an "independent," such as Enrique Mathov; with Gabriela Gonzalez Gass in third place, followed by Salvatori Enrique Lopez; and almost certainly the new political "star" of the "coordinating board," Calzon Flores.

Both systems indicate one fact: There has been a change in strategy, in view of the centrist electorate's resistance to confirming Alfonsinism, for the second time. But, incidentally, the most enthusiastic speculation does not make the number of deputies that the Radicals might install more than four (in an unusual case, five). "And that, with good will," admits an experienced "pointer" of the 11th section.

2909

CSO: 3348/854

ARGENTINA

FOREIGN MINISTER CAPUTO ON NATION'S TRANSFORMATION

Buenos Aires SOMOS in Spanish 5 Jul 85 pp 14-15

[Interview with Argentine Foreign Minister Dante Caputo by Esteban Peicovich in Spain; date not specified]

[Text] After a sharp but brief drop in his arterial pressure (down to 7) and another equally brief jump in his heart rate (close to 140), which made a 24-hour stopover in Rio de Janeiro advisable, Foreign Minister Dante Caputo completed his scheduled working visit to Spain. Even though his official visit was "against the clock," the foreign minister granted SOMOS an exclusive interview. Here is how the conversation went:

[Question] When I interviewed you for the first time, you had been foreign minister for 5 months. Are we the same people as we were then, or do we have a different country?

[Answer] You mean Argentines?

[Answer] The two of us and all Argentines. Are we the same or do we have a new country?

[Answer] I think that we believe in the same things, have the same hopes and the same principles, but the task of government is a task of transforming oneself. So, 18 months in government has changed us. To put it another way, we are struggling for the same things, perhaps with different instruments, and the instruments have changed as a result of the experience of these 18 months in government. The important thing, the thing that transcends the individual experience is that Argentina is changing.

[Question] Why? How? Could you point out to me some signs of this change?

[Answer] Think back. The history of this country has been the history of various political systems that have been unable to achieve stable happiness for the Argentine people. Either democracy was unable to go hand in hand with development, or authoritarianism failed to produce a permanent political consensus. We have always said this: We had to wed

reality and democracy, efficiency and political legitimacy. Often, after authoritarian periods in which large low-income segments were hurt by economic policies, democracy reappeared under the sole guise of redistribution. It was democracy equals redistribution of income and then we'll see what happens, who pays, etc. What is strikingly new, different and responsible about our democracy this time is that it is not equal to redistribution. How else can we explain that 80 percent of the Argentine people support a measure that promises sacrifices?

[Question] Mr Minister, with regard to the theory behind this plan, is the Swiss professor Peter Bernholz one of your mentors, as has been said?

[Answer] No, not that I know of. The economic plan is basically the product of instructions from the president and a very innovative economic team.

[Question] How will it affect our foreign trade? Will it promote investment and exports? Over what period of time?

[Answer] This has to be approached very carefully. Expectations must always be realistic. Argentina is not used to getting out there and selling. It has always been a supermarket where people came to buy things. This is why we have to develop a selling technique that we never had before. The indispensable economic adjustments that we are making would be of no use if at the same time we did not provide for growth possibilities. One of our priorities is learning how to get out there and sell. I consider this necessary for the medium-term success of all the efforts we are making. Argentina has to develop all of its political and commercial potential over the next few years.

[Question] Will it be easier for us to negotiate the foreign debt now that the new plan has been unveiled?

[Answer] Absolutely. There is no doubt about it.

[Question] Reactions are already coming in...

[Answer] Yes, that is obvious. No sooner had the plan been made public than I sent instructions to all embassies to report to me on the reactions of the press and the economic and financial circles in each country. Over the past 15 days I have thus compiled wide-ranging information in this regard. And I have to admit that there has been a striking change of attitude, especially in the major financial circles and centers. In other words, what Dr Alfonsin's moderate government has done is revolutionize not only the expectations of the Argentine people but also the expectations of the world community.

[Question] There have been published news reports in our country that Congress will consider a bill to transfer everything having to do with foreign trade to the Foreign Ministry's sphere? Is the old controversy over?

[Answer] The shift of foreign trade to the Foreign Ministry's sphere is simply an effort to put the government's house in order, ending the longstanding controversy to which you referred. In my judgment, it should not prompt any debate whatsoever, because it is the bailiwick of the chief executive, that is to say, the president of the republic. There is no place here for political or ideological debates, or discussions of principles or anything having to do with the stands of the parties represented in the National Congress.

[Question] I ask you this precisely because of the longstanding controversy over who is in charge of our foreign trade, the Economy Ministry or the Foreign Ministry...

[Answer] A longstanding controversy, yes indeed. But as I was telling you...

[Question] It's over?

[Answer] Yes, I think so, for the reasons I just gave you.

[Question] The UN Assembly is coming up soon. Hong Kong is already taken care of, and Gibraltar is in the works. When will our case be heard?

[Answer] Our position on the Malvinas is unwavering. The challenge is how to surmount the fundamental obstacle of the United Kingdom's intransigence without renouncing our national grievances one bit. We will submit the case to the Decolonization Committee; we believe that this mechanism is necessary and we will try to build as much support as we can for our position. How long will it be? As soon as possible, I hope; we will do our best.

[Question] Ten days have passed since the arrest of three ultrarightwing terrorists in Spain. Mr Minister, how is it that an arrest can be more complicated than an extradition?

[Answer] I would rather have the Interior Ministry answer that question, since it's handling everything.

[Question] Your trip here has nothing to do with the matter?

[Answer] Well, I of course mentioned the issue during my talk with Foreign Minister Moran. I thanked him for the Spanish Government's cooperation in apprehending the three terrorists.

[Question] It was learned that no sooner had they been arrested than a battery of lawyers showed up wanting to defend them and that there was some uncertainty because they would try to keep them in Spain by taking advantage of certain ambiguities in comparative law. Does this stumbling block exist?

[Answer] No, it is my understanding that it does not. Their extradition is perfectly legal under the terms of the 1981 extradition treaty. What these three gentlemen are charged with constitutes a crime under the legislations of the two countries, so the underlying point is that both countries consider it a crime, and this is an essential element in resolving the case.

[Question] If this gang were to be broken up, could we regard the terrorist problem in our country as a thing of the past?

[Answer] This is a decisive step. I think that it is an undeniable victory for our democracy and shows not only that it defends the principle of the rule of law but also that it has the power to enforce it. But you can rest assured that the defense of the rule of law is an ongoing effort. There are a thousand and one dangers lurking on all sides.

[Question] In a country like ours, in which the ideological boundary lines are as vague as ideologies themselves, can we expect, after the innovative economic plan, an equally original political solution, in the sense that we might abandon rusty cliches?

[Answer] I appreciate your question because it touches on one of the most profound consequences of everything that is going on in our country. Argentina is not an ideological country, and the Argentine people are not ideological either. We are a country of immigrants that has formed around the major undertaking of building a country. We are a bit nostalgic, but we are also tremendously pragmatic, and because of this combination we reject ideology. Our outlook is at times very principled, and this is good. I feel that a country that is renewing itself, that is being reborn, as ours is now, is very likely going to have a new political map.

8743

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ARGENTINA

INDUSTRY SECRETARIAT DRAFTS INFORMATICS GUIDELINES

Buenos Aires CLARIN in Spanish 27 Jun 85 p 26

[Article by Antonio Ambrosini]

[Text] The offers submitted in the competitive bidding called by the Industry Secretariat for the construction of computer industry plants were opened a few days ago. The bidding, organized under Resolution 44, was regarded as a "specific step" by the secretariat before it submits the regulations promoting the electronics industry to the Executive Branch. The regulations, which CLARIN has seen in advance, establish the administration's basic political and economic guidelines in this sphere and set an obligatory frame of reference for future competitive biddings.

Preamble

The preamble to the draft decree states that "it is necessary to promote industrial projects so as to establish a national electronics industry that can enjoy technological and economic self-determination. It is necessary to clearly define the dimensions of the electronics industry to enable the government to promote selectively and systematically so that when these regulations expire the nation has an electronics sector that is in full command of the technological tools and that is solidly established economically and financially. It is indispensable to restrict the benefits of the promotion to a limited number of companies in each product area so that each of them can attain the operating volumes that will insure the aforementioned dimensions."

Objectives

The objectives of the regulations are: a) to spur technological development and national decision-making capabilities; b) to selectively promote the production of electronic equipment in the country, with increasing domestic value added, including software support; c) to encourage manufacturing firms to use the latest technology and to establish links with the public institutions in the science and technology network; d) to promote a wider use of electronics technology in the goods and services sector as a means of boosting operating capacity and productivity and improving quality and working conditions; e) to strengthen the role of small and medium-size businesses; f) to create job

opportunities, especially for scientists, technicians and professionals; and g) to promote exports.

Sectors

The beneficiaries of the regulations are the companies that "are involved in product development, product engineering, process engineering, quality control and field engineering or that have assistance agreements in effect in such fields with institutions that are part of the science and technology network." These activities must be carried on in at least one of the following areas: 1) Data processing (microcomputers and super-microcomputers; peripherals for commercial bank and office automation and teleprocessing); 2) Telecommunications (low-capacity public switching, private switching, voice transmission, data and message transmission, and microwave transmission); 3) Industrial electronics (process control, programmable control, digital control of machine-tools, robotics and agricultural electronics); 4) Electronic components (printed and hybrid circuits, mechanical components for electronic use, transformers, deflection coils and components, and wire resistors).

Benefits

Companies that use brand-new equipment may obtain the following benefits: profits tax exemptions on a sliding scale of 100 percent from 1985 to 1989, 90 percent in 1990 and 1991 and falling 10 percent a year until 1999, when the tax break will be only 10 percent; a capital gains tax exemption on a sliding scale similar to the one above; total exemption from the tax on seals for partnership contracts and their extensions, including capital expansions and the issuance of shares and technology-transfer and technical-assistance contracts; total exemption from or a reduction of capital goods import duties, as well as all duties, special taxes or levies.

The investors in the promoted companies can choose a) to defer payment of their taxes on profits, capital gains and value added. The amount of the deferred taxes can be up to 75 percent of the direct capital contribution or, when appropriate, of the amount of the capital-stock subscribed; b) to deduct the amount of the investment from the amount subject to capital-gains or profits taxes.

The regulations call for the issuance and control of an Industrial Certificate of Tariff Promotion, which will be awarded for a period of 6 months for the tariff item in the pertinent amounts. In the case of calls for bids on industrial projects (under Decree 2541/77), this certificate can be awarded to companies for import of the inputs in the items they will produce, in accordance with their approved operating and integration plans.

The authority enforcing these regulations is empowered to establish an initial level of tariff protection, which will decline over time, and to

propose to the Executive Branch temporary restrictions on the importation of similar, identical or intermediate goods.

With regard to the location of the plants, the promotion applies throughout the country, except in the cities of Buenos Aires (Greater Buenos Aires), Rosario, Santa Fe and Cordoba and their areas of influence. The draft regulations consist of 29 articles and expire on 31 December 1989.

8743

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ARGENTINA

MULTINATIONALS OBJECT TO BIDDING RESTRICTIONS

Buenos Aires CLARIN in Spanish 2 Jul 85 p 3

[Text] Local business circles have welcomed Resolution 44 of the Industry Secretariat, though some have certain misgivings about it. The resolution has been well received because it clarifies the prospects for the domestic computer industry.

Business is now waiting for the resolution to take effect before judging its full scope. In general, the resolution establishes different tax and operating breaks for companies in this field.

The misgivings are being voiced by the multinational firms, which do not look kindly on the restrictions placed on them in taking part in the bidding system that the resolution creates; in this field the system benefits only companies with a majority of domestic capital.

Joint Ventures

The resolution forces foreign companies to enter into joint ventures, that is to say, to form partnerships with local firms, in order to fully enjoy certain benefits, CLARIN was told by Julio Alfonsin, the engineer who is managing director of Texas Instruments. He added that this sort of arrangement is not one of the ways that his company does business, since it operates independently in 60 countries.

In the view of the multinational firms like Texas Instruments, the resolution does not square with the government's stated goal of promoting foreign investment.

"In spite of this stumbling block, we are for the most part pleased with Resolution 44, inasmuch as it sets forth clear ground rules in a field that is too important and complex not to have them," he added.

Alfonsin explained that his firm has been in Argentina for several decades adding that it became a major presence on the market in 1982 when it introduced state-of-the-art technology with its 99-4 personal computer.

He also mentioned that the Texas Instruments production line ranges from differential circuit breakers to dedicated integrated circuits, exporting the latter to many countries. It has also embarked on an effort to put computers in the classroom.

ARGENTINA

FORD PLANT TAKEOVER SEEN FUELED BY IDEOLOGICAL STRUGGLE

Buenos Aires SOMOS in Spanish 12 Jul 85 pp 6-11

[Article by Tabare Areas]

[Text] At this juncture, every segment of Argentine society is taking stock of how the Austral Plan is doing. But perhaps the most dramatic upshot of the plan has been the many takeovers and conflicts at factories and the number of workers who have been put out of work or laid off. The unions and Labor Ministry officials agree that unemployment as a result of the adjustment plan could rise to eight percent (it is currently between four and five). The unions are looking at other information that indicates that if the trend continues, by early 1986 the UOM [Metalworkers Union] will have 48,000 members less, the UOCRA [Construction Workers Union of the Argentine Republic] 35,000 less, the textile workers union 38,000 less and SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] 19,000 less. In all, the major industrial trade unions will be out 140,000 workers. These numbers, which are from union sources, point to this fact in Argentina today: both the government and the unions care more about saving jobs than boosting wages. With these circumstances thwarting the implementation of the anti-inflation plan, the situation in the Ford plant in Pacheco shows that there is a silent ideological struggle going on for the control of the unions and that an attack is under way against the adjustment plan, above and beyond the demands for saving jobs.

Miguel Delfini and Jose Rodriguez are longstanding adversaries. Today, they are the visible leaders in the confrontation in organized labor between the orthodox Peronist program and the program of union classism. Delfini is a member of the PCR [Revolutionary Communist Party] and likes to call himself a Rene Salamanca man, something that irritates the Peronist leadership, which is all too familiar with the ins-and-outs of the violent confrontation that the former Cordoba leader had with the mechanics union leadership in his province in the early 1970's. Today, many analysts see similarities between the methods that Delfini is using and those that the Cordoba mechanics employed in 1969 and 1970. Back then, Rene Salamanca first dominated the internal commission at the Ika-Renault complex (a traditionally combative plant that did, however, belong to Peronism) and then became secretary general of the Cordoba section of SMATA. Then as now, the Peronist leadership said that "we have to stop the rise of the Left" in top union positions and acted

accordingly. The Cordoba section of SMATA, by then heavily dominated by Salamanca, was taken over by the union's national leadership, and the man who gave the order was Jose Rodriguez. This explains much of the ill-will that Delfini, a disciple of Salamanca and, like him, a PCR activist, feels towards Rodriguez.

Three months ago, the company managed to get 850 workers to leave voluntarily after they received their severance pay. Among them was Jorge Castro, who won the most recent elections at the plant over Rodriguez's candidate. Castro, also a Peronist, came in first, followed by Miguel Delfini's Orange list and then by the Rodriguez-sponsored Green list, which got just 300 votes.

When Castro left Ford, Delfini made off with the leadership of the internal commission, on which there are also delegates who take orders from Herminio Iglesias. It was to support these delegates that Deputy Norberto Imbelloni, Iglesias's closest colleague, spent a night in the occupied plant. This also explains the regular deliveries of food (sausage and salads) and cigarettes to the plant from the Avellaneda strongman. Moreover, since Rodriguez is a bitter adversary of Iglesias in the province, Iglesias does everything he can to discredit him in the eyes of the mechanics union. At this point Delfini knows that he has to negotiate so as not to lose the renown he has gained, but insists that he will not hand over the 33 fired workers. His next step is most definitely in keeping with his political philosophy: begin discussing company reconversion plans with management.

Rodriguez and the Peronist union leadership are on the horns of a dilemma: how to negotiate a halt to the firings and layoffs with the government and management and, at the same time, prevent the Left from taking over the rank and file committees. "Peronism has a lot of negotiating to do, because it also has a lot to lose," one analyst told SOMOS. "Meanwhile, the Left goes about radicalizing people for two reasons: to sabotage the administration's adjustment plan and to take support away from Peronists by portraying them as compromising sellouts..." There is now talk in the top echelon of the administration to the effect that the success or failure of the adjustment plan will have a great deal to do with how this dilemma is resolved.

Early this week, according to Labor Ministry statistics, some 100 plants were in the midst of conflicts or had been totally or partly taken over by their personnel, a truly shocking blow to the administration's strategy. If the administration and the courts do not find a way to end these occupations promptly, they will become virtually legalized by practice, a development that could lead to social unrest with an unpredictable end result.

The conflicts are intense in the automotive industry, and the outlook is thus worrisome, as this sector has become a real test for the administration in carrying out its program. At Mercedes Benz, 300 of the 1,300 workers were going to be fired, according to union sources. A

worker assembly had decided to take over the Gonzalez Catan plant, but last-minute negotiations led to a compromise: there will be layoffs until 5 August, and the company will pay 75 percent of the lost wages.

A similar compromise was worked out at Renault. The 1,800 workers at Santa Isabel will receive 75 percent of lost wages. Labor leaders and the administration realize that the automobile industry could well be the hardest hit by the ripple effects of the recession, inasmuch as the job outlook and the very future of the extensive auto parts industry depend on what happens to the assembly plants. "The assembly plant produces only 40 percent of a car (the sheet metal, the engine and the transmission); the remaining 60 percent comes from the auto parts producers, and the vehicle is assembled here..." contends a Ford executive analyzing this problem-in-the-making. In contrast to the hardline stand of the rank and file organizations, Rodriguez has become a moderate in the conflict, holding talks with the government through Enrique Nosiglia and German Lopez, union sources say.

Bring the Left to Its Knees

The wave of factory takeovers has also kept further out of sight the behind-the-scenes ideological struggle in the labor movement. Peronism has always portrayed itself to management and the government in power as a stumbling block to a leftwing takeover of the unions. It has also traditionally managed to get hold of union leadership, with a little help even from military governments. What sort of real power does classist labor have today? Certain analysts feel that the CGT [General Confederation of Labor] (orthodox Peronism across all of its factions) controls 90 percent of the national leaderships of trade unions, 80 percent of the sectional leaderships and 70 percent of the internal committees. Leftwing activists have made major inroads in the remaining 30 percent of these rank and file organizations. Various sources agree that classism today is represented by factory delegates who speak for the following lines:

--Trotskyism: MAS [Social Affirmation Movement], PO [Worker Power].

--Maoism: the PCR and its splinter group, the PTP.

--Communism: the National Labor Coordinator (CONAT), a Communist Party organization.

--Combative Peronism: factions that back Julian Guillan from the telephone workers union and Raymundo Ongaro from the graphics workers union; in certain plants the latter put together joint lists with Trotskyism.

Classism's strategy is to systematically oppose the Austral Plan, and anything having to do with the word "privatization" tends to make its leaders see red. The leftist organizations left no doubt this week as to the two prongs of their attack: privatization (posters have already appeared at ENTEL [National Telecommunications Enterprise] as part of a

determined offensive against the peripheral privatization and the "sellout of the company") and unemployment.

Classism has no organized avenues for dialogue with the top echelon of the administration, as the Ford internal committee showed when it asked Raul Alfonsin to come down right to the plant gate to talk, going over the head of the SMATA leadership and the Labor Ministry.

As we said previously, the Left and classism are not just attacking the anti-inflation plan; they are also moving against the Peronist leaderships in the unions. As a result, top labor leaders and the Radical administration are now getting along fine, at times even cordially.

The situation at Ford was becoming bogged down, as the administration was unable to get the parties to compromise. Both refused to budge. The company wanted an end to the takeover before negotiating, and the internal committee wanted the layoff order voided before ending the takeover. Also, the courts had not issued an eviction order. In the meantime, the rumor that the company was leaving the country continued to circulate around Buenos Aires. On Wednesday the 10th, the firm gave its response in a one-page advertisement in Buenos Aires papers. Entitled "Why Ford Is Not Leaving," the ad put the rumors to rest. The rumors were that Ford had done poorly in recent years, which caused a nervous Detroit headquarters to suggest that either the financial picture had to be turned around or else it would get set to leave. The company denied the rumor in its Wednesday ad, stating that it has invested 300 million australs over the past 5 years. The investments were concentrated in a truck factory, two cathodic electrophoresis paint shops, the data processing center (the largest in Latin America), the installation of robots in the soldering system, and the Sierra project.

Those who are knowledgeable about the company say that it had a poor year in 1984, losing some \$70 million, and that the loss could be repeated in 1985 if market conditions do not change. Some sources feel that the timing of the Sierra project was poor, inasmuch as car buyers were turning in large numbers to intermediate-size vehicles because of the rising prices for cars and fuel and higher taxes. "There was a great deal of investment," a Ford executive said, "but we have to admit that it was a very bad year for us. The plant takeover? That will be taken care of somehow, and then we'll see what losses we'll take."

It is known that Ford is planning to introduce an updated version of its F-100 truck to meet the competition and that it will be working on a small-car project, the Escort. This model is already manufactured in Brazil. The project will be delayed by the takeover.

In any event, this was not the reason for the flare-up. The firing of 33 workers triggered the plant occupation. The company asserts that those workers were chronic absentees, which the union denies. Ford management is reportedly upset about the high level of absenteeism at its Pacheco plant, which hit 12 percent among a total work force of 4,000. Its direct

competitors have five to six percent absenteeism, which induced Ford to let go of the major offenders in this regard. The company feels that its answer to this disciplinary problem does not violate the agreement that it signed with the internal committee on 17 May assuring job stability for 3 months. The conflict broke out on 26 June; the workers took over the plant, and the company turned to the courts.

San Isidro criminal court Judge Angel Papalia is hearing the suit. The company's arguments: unlawful deprivation of liberty, encroachment of property, damage, theft and unlawful use of motor vehicles. Towards the middle of the week, 15 days after the conflict broke out, the judge subpoenaed the workers in question to testify, but for various reasons, none appeared in court, some citing their health. This prompted the judge to issue another round of subpoenas, which will further delay a ruling from him, while all indications are that the workers would continue their occupation of the plant for a few more days. Since the Labor Ministry had declared the occupation illegal, the firm said that it would go before the Supreme Court if the ministry now rules that the dismissal of the 33 workers is illegal, as the internal commission would like. As SOMOS was going to print, the government was looking at two alternatives if the courts are unable to resolve the situation and enable the firm to recover its plant. Either accept Ford's argument and forget about declaring the dismissals illegal, or reject its argument and open up the possibility of compulsory arbitration between the parties. If the government takes this step, however, it might be implying that plant takeovers are a valid way to put labor disputes over firings and layoffs on ice. A dangerous path that it would be ill-advised to take.

The government is worried about the affair, inasmuch as if business comes to feel legally insecure (the goal that the classist unions are covertly pursuing), its attempts to bring new capital into the country could fail. German Lopez is known to have warned the demonstrators that they have to leave "because the government must guarantee the constitutional order, one of whose cornerstones is private property." Fifteen days went by, and his appeals, like Minister's Barrionuevo's, struck no responsive chord.

The CGT's Dilemma

Logic would indicate that the warning ought to be followed by a move to dislodge the workers from the plant. The top echelons of the administration failed to make the political decision to evict them. This option was apparently broached at closed-door meetings by Minister Troccoli, who reportedly found only some support for it within the Federal Police. The provincial police, which has jurisdiction in Pacheco, was reportedly reluctant and passed the buck to the federal police force. At that point, knowing how a forcible eviction begins but not how it ends (the workers said they would resist to the bitter end), Balcarce 50 began looking impatiently towards Dr Angel Papalia's courtroom for a ruling that had not yet come down. The labor minister tried hard to find a way for the two sides to begin decisive negotiations. At this juncture, with a flood of labor conflicts throughout the industrial belt and all over the

country, government and business began to realize with alarm that the Austral Plan has reached a crossroads.

On Monday the 8th, at the same time as the CGT secretaries were entering Olivos to speak with Alfonsín, the secretary general of the textile union, Pedro Goyeneche, received news that the Alpargatas plant in Tucuman was extending the layoffs of its 1,200 workers for another month. "We can't keep on being the dam holding back the conflicts," the secretary general said bewildered. "The boys at the plants are taking the lead in the protests under pressure from the rank and file and are telling us to take a hard line in the CGT. If we look like we're approving the firings, in 3 years they'll throw us out the window." Jose Luis Castillo (ship navigators) was one of the labor leaders waiting in the building on Azopardo Street and he was heard to say: "If the government doesn't take care of this and if we don't make a move, we are going to have problems with the MAS and PO. No one would like to have happen in his union what happened in Ford with SMATA." It was later learned why the labor leaders looked pleased as they left the meeting with the president: the decree under which the Labor Ministry will supervise the firings or layoffs gives them a bit of breathing room to weather the storm. Nevertheless, the union bosses would have preferred a decree that put the layoffs and firings on hold.

Although no one is saying so publicly, the top union echelon feels that Jose Rodriguez lost almost all of his political and labor support in this battle. The labor leadership drew its conclusions from the Ford case, and everyone is aware that there could be more takeovers in the days to come. For now, though, the leaders of the major unions seem willing to push the demands of their rank and file if the administration fails to give them a hand and if the Left squeezes them. Therefore, although they do not publicly advocate takeovers, they are going to support the people who occupy factories. As far as many union affiliates are concerned, what is at stake in the CGT's response to the wave of firings is the survival of the current labor leaders. It is under these dramatic circumstances that the union's future strategy will be charted, whether or not the administration's anti-inflation program has to be thwarted.

8743

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ARGENTINA

GRONDONA VIEWS POLITICAL STRUGGLE BEHIND ECONOMIC REFORMS

Buenos Aires SOMOS in Spanish 5 Jul 85 p 22

[Article by Mariano Grondona: "Fear and Future"]

[Text] During the past few weeks, we have concentrated so much on the economic features of the Alfonsin-Sourrouille plan that we have neglected the political revolution accompanying it.

Over a period of 5 or 6 decades, Argentine politics operated on the basis of a hypothesis that no one, from right to left, questioned: the unpopularity of economic rationality. It was accepted as a dogma, from 1930 onwards, that any ruler who decided in favor of modernizing the economy would have to accept a high political price for doing so. So those who opted for economic modernization were on their guard against the electoral effects of their option, whether it be with fraud (1930-43) or under military protection (the Pinedo, Alsogaray, Krieger Vasena or Martinez de Hoz ministries, under military regimes). On another occasion, Frondizi, the modernizer, succumbed as a result of the joint action of Peronists, Radicals and military (1962).

On the other hand, the governments which wanted to be popular carefully avoided modernization (Peron, Illia, Campora, Mrs. Peron...). The Argentine political dogma accepted by everyone established this dilemma: modernize and perish from unpopularity, or be popular and perish for lack of modernization.

During the first 17 months of administration, Dr Alfonsin scrupulously adhered to this belief. Determined not to lose his popularity, he attempted to evade the economic problems through gradualism. But, after his speech of 26 April on the Plaza, it was obvious that he was heading toward the opposite strategy. Nevertheless, the president did so with his gaze focused on an enormous political sacrifice. On more than one occasion, in this connection, he claimed that he was willing to pay the political price that would result from his shift in strategy. And thus he set forth on the decisive speech of 14 June like one who is going to political slaughter.

However, experience had already taught him something that his predecessors did not know: that when it reaches a certain level of deterioration, economic populism does not create exclusively economic damage, but political damage as well. This means that, when Alfonsin decided to change, he was not opting

between a political benefit (economic populism) and a political price (economic modernization), but rather between two political prices, as we noted in this column in an article entitled, precisely, "The Two Prices."

The previous populist presidents had never confronted this, because before that abyss appeared, they never lacked a hastening general to extricate them from the morass. This time, the general did not appear, so that the president found himself in a new situation, not experienced by his predecessors: either he would change in the direction of modernization to save the economy, withstanding a foreseeable political price, or he would persist on the gradualist-populist course of action, but then the political price of hyperinflation, perhaps even greater, would affect him.

Therefore, Alfonsín made his decision. On 14 June, he crossed the Rubicon. On 15 June, the surprise was announced: contrary to all precedents, in violation of the fundamental dogma of Argentine political life, the public told him "yes" to modernization. This response, which the press intuitively sensed immediately, was confirmed a few days later through the polls, which showed 76 percent of Argentines agreeing with the Alfonsín-Sourrouille plan.

Almost without realizing it, we Argentines had started a revolution. As if by magic, there ended the former opposition between political circumspection, which populism advised so as not to displease the people, and economic circumspection, which advised modernization for emerging from deterioration; and, all of a sudden, it is possible for a president to be a statesman and popular at the same time.

This being the case, the popular reaction to the 14 June speech puts us on a par with the Italian people, who have just rejected price indexing in a referendum: Once economic rationality proves capable of winning political battles, the road to progress becomes clear.

But the political battle of economic modernization has not ended yet. There are some lofty strongholds yet to be taken. The first of them lies in the governing party itself. When we note legislative bills such as the one on the collegiate status of lawyers, agrarian reform in Entre Ríos or exemption from transportation payment for retired persons, one can readily conclude that populism has retained his residual strength within official circles per se. Who, besides Alfonsín, has understood the lesson of 14 June? How many Radical leaders are following it with enthusiasm and conviction?

A second stronghold arises at the left tip of the political spectrum. Leaders such as Zamora or Mrs De Bonafini have found a new reason for mobilization: the direct, perhaps violent opposition among Argentines to economic modernization. Attesting to this is their mobilization in support of the illegal occupation of the Ford plant.

But the leading stronghold does not lie in official circles nor among the extreme left: It arises, I think, within millions of consciences. Accustomed as we are to the deceptive gifts of populism, shall we give anything more than this initial support for the president's summons? What will happen when the plan hurts, 2 or 3 months from now? Is the conversion of the Argentines to economic rationality real, or merely an initial, superficial enthusiasm, which will be dispelled when the time for effort comes?

2909

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ARGENTINA

POLL SHOWS 45 PERCENT BELIEVE IN SUCCESS OF ECONOMIC PLAN

Buenos Aires SOMOS in Spanish 12 Jul 85 pp 12-13

[Article by Eduardo V. Tuculet: "Optimism Gained"]

[Text] The majority are optimistic. One of the necessary conditions for the economic plan's success appears to be occurring concurrently with the monetary reform started in mid-June. Nearly half of the population is confident that inflation can be curbed.

The data reflected in the poll taken by SOMOS and A & C attempt to penetrate the population's state of mind, after the impact sustained from the package of measures initiated from the Palace of Finance. From a global standpoint, the poll claims that 45 percent of Argentines believe it possible to check the rising cost of living, 33 percent were negatively inclined and 19 percent were undecided. But if one resorts to a more refined analysis offered by the poll itself, on the university level, for example, 62 percent answered that it would be possible to check the "inflationary holocaust," while 35 percent said that it was not. Among those queried who claimed to have completed secondary schooling, the result was 52 percent confident of checking the price explosion, while 31 percent remained distrustful. In this group of individuals questioned by the SOMOS and A & C poll, there were 13 percent undecided.

The responses among the sector on the primary level were more similar. There, 37 percent replied that it would be possible to halt the price escalation, 33 percent said that it would not and 27 percent opted "not to know" what is going to happen.

Nearly a month since the start of the monetary reform, the data shown on the various charts of this sampling disclose a surprising optimism on the part of the population, which was not changed, despite the fact that the rise in the cost of living for the month of June reached 30.5 percent. "Which it would have been if this reform did not occur," was one of the comments apart from the poll.

Every sample or public query certainly assumes some features of a plebiscite. The response, which is what is important, deserves special treatment. So, to explain the methodology of this sample, it must be explained that the study

was made on the basis of a representative sample of 400 cases in the Federal Capital and Greater Buenos Aires. After the questionnaires were processed, the margin of error retained was only 5 percent.

Esther Kaplan, director of A & C Public Opinion, explained: "Through the data collected, one discerns a population the majority of which thinks it necessary to control prices and reduce interest rates."

The majority of all the groups of those polled answered when asked whether the rise in the cost of living could be stopped by controlling prices, cutting interest or applying both measures simultaneously. The overall information provided by the poll maintains that 39 percent were inclined to think that it would be the two measures combined that would check inflation. The only group under that percentage is that on the primary level (29 percent), retaining the majority within their group; although 32 percent answered that they "didn't know" anything about it. In the university graduate bloc, the result was 41 percent for those in favor of price controls and a substantial reduction in the price of money. In the bloc of secondary school graduates, the responses were 53 percent.

Most of the members of the economic team underscored precisely the feature indicated in the survey, which appears clearly in the poll: "The population's reaction was surprising, and exceeded our own expectations," was a reiterated response from the head of the Palace of Finance himself, Juan V. Sourrouille, to the last person who backed the plan in the Ministry of Economy offices.

A conclusion from the poll regarding the different sectors heading this anti-inflationary challenge was in the section wherein the sample disclosed who would be responsible for the success of the new economic plan. There, generally speaking, the responses were that 45 percent expect it to be a responsibility of the institutions (business firms, trade unions, government); 39 percent claim that it is the responsibility of each Argentine. Only in the university graduate bloc is there a reversal of that ratio; because among them 50 percent trust that "everyone together" will be able to succeed in cutting inflation, while 41 percent opted for the institutions. On the secondary level, 44 percent place the responsibility upon the business firms, trade unions or governments, and 40 percent relate it to the potential of each individual one in backing the program.

Esther Kaplan noted: "The majority express optimism toward the possibility of curbing the rising cost of living, but a considerable proportion of Argentines do not." In that same conclusion, she remarked: "Resignation appears to prevail, as if it were a human value that must be maintained."

Another interesting segment of the poll taken by SOMOS and A & C is the deliberateness which the sample associated with the program launched on 14 June.

According to the replies, the population was of the opinion that the government's decision to implement this new economic plan was, primarily, courageous,

and then that it would cause it to win votes in the next elections which will decide upon the replacement of the legislative bodies.

The general average was 44 percent inclined to describe it as "a courageous decision," 29 percent believing that it was only for election-related purposes and 19 percent undecided.

The field work also revealed a genuine state of debate on the economic program, both among the credulous and among the incredulous. For example, there was detected in public a polarization regarding the scope of the plan, wherein Argentine society does not appear to be so homogeneous. A third of those queried claimed that the new measures would harm them, another third said that they would benefit from them and still another third showed indifference to the impact.

The director of A & C Public Opinion maintains: "An Argentine speculating mind is confronted with another that is anti-inflationary; but a sizable portion of the population is in suspense, retaining its position of not knowing."

The poll also indicates that as advancement occurs in the educational levels, the less damage is anticipated from the economic measures. Esther Kaplan commented: "This prompts the assumption that the opposition to any government provision lies among those with a lower educational level"; while pointing out that, "The higher the level, the more expression of approval for the new economic measures; an indication that they foster the development of projects which require planning and stability, in which those on a higher economic level are more involved."

In summary: the polls shows some significant facts. For example, that the population has cast a vote of confidence for the government, and perhaps for this reason thinks that it is the institutions which are responsible for the success of the plan.

(1) ¿Es posible detener el alza del costo de vida?				
Opinión	Total	Universitaria	Secundaria	Primaria
Si (5)	45%	(2) 62%	(3) 52%	(4) 37%
No	33%	35%	31%	33%
No sabe (6)	19%	-	13%	27%
Otra (7)	3%	3%	4%	3%

El nuevo plan económico, fundamentalmente dirigido a contener la inflación encontró un eco muy favorable en la población. Casi la mitad de los encuestados cree que es posible detener el alza del costo de vida.

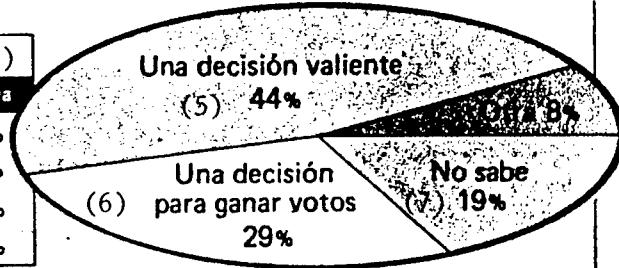
Key to Chart 1:

1. Is it possible to check the rise in the cost of living?
2. University
3. Secondary
4. Primary
5. Yes
6. Don't know
7. Other

Caption:

The new economic plan, essentially aimed at curbing inflation, met with a very favorable reaction from the population. Nearly half of those polled consider it possible to check the rising cost of living.

(1) ¿Qué clase de decisión tomó el Gobierno? (4)			
Opinión	Universitaria	Secundaria	Primaria
(5) Una decisión valiente	50% (2)	50% (3)	39%
Para ganar votos (6)	38%	29%	27%
No sabe (7)	6%	13%	26%
Otra (8)	6%	8%	8%



Evidentemente, luego de lanzado el plan económico, comenzaron las conjeturas políticas. Sin embargo, la encuesta muestra que casi la mitad de los consultados cree que fue una decisión valiente del Gobierno y que no persigue meros fines electoralistas. Los que piensan que el plan tiene objetivos políticos llegan al 29 %.

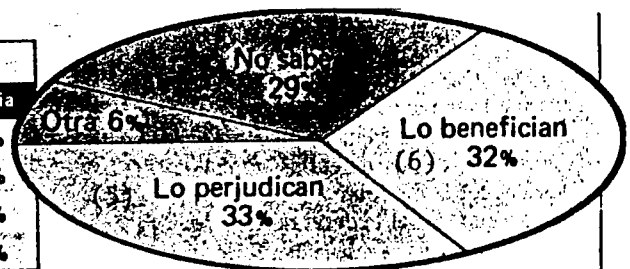
Key to Chart 2:

1. What type of decision did the government make?
2. University
3. Secondary
4. Primary
5. A courageous decision
6. To win votes
7. Don't know
8. Other

Caption:

Obviously, the political conjecture began after the initiation of the economic plan. However, the poll shows that nearly half those queried think that it was a courageous decision by the government and not one seeking mere election-related ends. Those thinking that the plan has political purposes number 29 percent.

(1) Las nuevas medidas económicas...			
Opinión	Universitaria	Secundaria	Primaria
(5) Lo perjudican	(2) 27%	(3) 28%	(4) 38%
(6) Lo benefician	50%	37%	26%
(7) No sabe	20%	29%	30%
(8) Otra	3%	6%	6%



En cuanto a si las medidas económicas benefician o perjudican a la población, las respuestas se polarizaron. Pero un dato interesante a tener en cuenta es que a medida que se eleva el nivel educativo, los consultados se sienten beneficiados por las nuevas medidas económicas y simétricamente a menor nivel, mayor sensación de perjuicio.

Key to Chart 3:

1. The new economic measures...
2. University
3. Secondary
4. Primary
5. Harm them
6. Benefit them
7. Don't know
8. Other

Caption:

The responses were polarized concerning the question as to whether the economic measures benefit or harm the population. But one interesting point to be considered is that as the educational level rises, those queried consider themselves benefiting from the new economic measures and, symmetrically, the lower the level, the greater the impression of harm.

(1) ¿De quién depende el logro del nuevo plan?				
Opinión	Total	Universitaria	Secundaria	Primaria
(5) De las instituciones	45%	41%	(3) 44%	(4) 46%
(6) De cada argentino	39%	50%	40%	36%
(7) Otra	10%	6%	10%	10%
(8) No sabe	6%	3%	6%	8%

Con respecto al éxito de las medidas, los encuestados se inclinan más a pensar que son las instituciones (empresas, sindicatos, Gobierno) quienes tienen la responsabilidad de hacerlo triunfar.

Key to Chart 4:

1. On whom does the success of the new plan depend?
2. University
3. Secondary
4. Primary
5. On the institutions
6. On every Argentine
7. Other
8. Don't know

Caption:

As for the success of the measures, those polled are more inclined to think that it is the institutions (business firms, trade unions, government) which bear the responsibility for making them successful.

2909

CSO: 3348/807

ARGENTINA

MACHINEA ANALYZES IMPLICATIONS OF NEW ECONOMIC PLAN

Buenos Aires CLARIN in Spanish 23 Jun 85 pp 4-5

[Interview with Undersecretary of Economic Policy Jose Luis Machinea, by Martin Ravazzani; date, time and place not given; passages enclosed in slantlines printed in boldface]

[Text] [Question] The recently announced economic program does not specify the measures that will be taken to cut public spending, or the policies that will spur investment. What will they be?

[Answer] Two issues must be taken into account: investment and growth. What we are doing now is not a medium- or long-term program for investment and growth; rather, we are trying to /lay the groundwork/ for a viable program in those terms.

It used to be redundant to talk about growth with an inflation rate of 30 percent and to think about investment. The economy was very tight, and it was heading rapidly toward hyperinflation. For this reason, the top priority was to get inflation under control.

As for medium-term considerations, the government has already outlined its program for investment, which is contained in the document released by the Secretariat of Planning.

There is undeniably room for improvement in this document; some areas need to be refined further. But the broad outlines of what we think needs to be done to promote investment in Argentina are there.

That plan also sets forth guidelines for the public sector, especially by emphasizing the energy issue. The matter of gas is still top priority, and in this regard it should be noted that our most urgent problem is that the most profitable investment in Argentina is the construction of gas pipelines. There are severe budget restrictions on the public sector side, and consequently we should bring the private sectors into this area.

[Question] In other words, the measures that have been adopted seek to salvage the situation so that the medium-term program drawn up by the Secretariat of Planning can be carried out?

[Answer] We believe that /that program is still valid,/ and it had assigned private and public investment a very important role. But it is not reasonable to think of that in an uncertain economy. The public sector did not have the funds, and the private sector was unwilling to invest.

We need a certain period of time for getting inflation under control so that economic agents will gain confidence.

The shock treatment is designed specifically to restore confidence in a short time, since it is not the traditional anti-inflation prescription, which leads to prolonged stagnation and recession.

Prices

[Question] When economic officials applied this shock therapy, they selected a given situation of relative prices. Who wins and who loses at the cutoff point?

[Answer] When inflation is at 30 percent a month, it is hard to know where relative prices are at a given moment. When the cutoff comes, some prices may be out of kilter. We tried to avoid that, and an effort was made on the public sector side through rate adjustments, to bring them in line with real prices, or exchange rate adjustments; we were trying to leave a certain margin. As for prices, there may be some particular imbalances, but we think that with the liberalization of industrial prices in recent months, industry is in a reasonably good position.

Wages, on the other hand, began to have problems as a result of the sagging economy, not only in terms of quantity but also in terms of employment. We believe that an orthodox anti-inflation policy would have caused greater problems for wage levels and employment. With this new proposal, there may be some problems with employment, but only briefly.

As far as wages' buying power is concerned, we feel that now it is better than before. We should compare how much a wage-earner could buy in early June with how much he can buy in early July. Thus, we do not feel buying power will drop. Furthermore, the wage-earner will no longer see his buying power erode week after week with 30-percent monthly inflation. Therefore, we do not believe that wages' buying power will fall.

[Question] Nevertheless, the pay adjustment is significantly below the increases that were allowed in meat, utility rates and transportation, for example, which are essential elements in the wage-earner's basket. Isn't this fall in wages one of the cornerstones of the program?

[Answer] If we measure it that way, we also have to look back in time. We can see that meat was behind in the last 8 months. If we compare these lags, we see that meat is still out of step, and that in real terms, it is worth less than in early 1984. It is impossible to make comparisons in just one category over such a brief period.

[Question] At the cutoff point, anyway, the increases were high in nearly all the important categories except for wages. For this reason, one wonders if wages haven't been left behind.

[Answer] They have been left behind with respect to certain prices in the economy against which wages had gained ground. But if we measure them against the National Institute of Statistics and Census (INDEC) basket, we see that this is not so, although it may appear to be the case if one compares the July figures for that basket with the June figures. This is not so with respect to wage-earners' buying power in July. Moreover, without this shock treatment, wages would indeed have plummeted in July. We also think that the decline in wages was beginning to be felt as a consequence of the decline in economic activity. My feeling is that the shock will improve the outlook.

[Question] In the new relative pricing system, utility rates have gained ground, as have the exchange rate, meat, and industrial prices. Who loses, then?

[Answer] We are committed to reducing the public deficit by enhancing revenues; hence the increases in rates and taxes. /Revenues are being transferred from the private sector to the public sector, but we should point out one thing:/ The private sector had already been transferring revenues to the public sector through the tax of inflation. And we are eliminating that.

What should be made clear is that this reduction in the rate of inflation has nothing to do with whether or not sectors will be damaged. With an anti-inflation plan based on a policy of monetary restriction over a long period of time and a fall in real wages, some sectors will pay more than others. If prices are frozen, however—and herein lies the importance of the shock program—in principle /no sectors will be damaged./ True, there is a transfer of revenues from the private sector to the public sector, but it is simply a matter of making explicit what was implicit.

Cuts

[Question] How can the public sector be balanced under this program?

[Answer] There is a major reduction in spending: We are aiming for a deficit of 2.5 percent of the GDP, including the Central Bank. In the traditional public sector, /we plan to reduce the cash deficit from some 8 percent of the GDP in the first 6 months of the year to about 1.3 or 1.4 percent./

The overall levels are set forth in the fiscal part of the memorandum of understanding with the IMF, which is the only part of the memorandum that is still in effect. Between the fourth quarter of 1984 and the same period of 1985, we expect a drop of about 3 points in public spending, because of the 1.5 percent decline in personnel costs that resulted from the cut in the real wages of the public sector at the end of last year and the beginning of this year.

[Question] Are you referring to the historical decline? Won't there be new reductions?

[Answer] No, /wages are now fixed./ Furthermore, the hiring freeze is expected to bring about a 1 percent drop in employment each quarter. The other 1.5 percent is accounted for by current expenditures and investment . . .

[Question] Specifically, what projects will be abandoned or postponed?

[Answer] We are working with the Ministry of Public Works on this matter, because they are the appropriate people to determine cuts; we have an overall budget.

In the /electricity sector,/ for example, the increase in the relative price of the service and the lower than expected level of economic activity have depressed demand enough that /the projects plan can be extended/ over a longer period of time without any problems.

[Question] And what about revenues? Balancing the budget would require another 5 points of the GDP . . .

[Answer] Revenues need to increase by somewhat less than that, because we expect to decrease the deficit from about 8.5 percent of the GDP to about 1.5 percent. Thus, subtracting the 3 points that will come from spending cuts, about 4.5 points would be needed in terms of revenues. A /substantial portion,/ from 2.5 to 3 points, will come from higher rates . . .

[Question] At the current level of rates, or will new increases be imposed?

[Answer] At the /current level./ Moreover, there is an additional factor that we are relying on as a back-up, and that is the effect of reduced inflation on tax collections. We feel that /this factor could be very significant: 3 to 4 points of the GDP./ But if that happens, we will not increase public spending; basically, we will try to cut taxes.

[Question] Are you thinking of eliminating some taxes?

[Answer] Not for the present.

No Alternatives

[Question] Some economists say this program will lead to recession. What sectors might escape this fate and become forces of revitalization within the economy?

[Answer] It should be made very clear that this program will not revitalize the economy in the short term. To those who want reactivation, we can say that /with 30 percent inflation per month, no reactivation is possible./ If we think of the economy in terms of alternatives, we all want higher real wages, a more vigorous economy, and lower inflation. The problem is how to do that, and Argentina has no choice: Inflation must come down.

The question, then, is how to cut inflation at the lowest cost. I think the problem resolves this problem with the least possible sacrifice.

[Question] It is accepted, then, that there will be a cost in terms of activity . . .

[Answer] Yes, but /for a brief period,/ and it will be much less pronounced than what another serious alternative might have caused.

[Question] How inflexible is the program?

[Answer] We think that the choice we made is the least costly. We believe that /relative prices are reasonable./ We believe that the reduction in the rate of inflation was what the country was crying out for. But we also know that there will be difficulties, in the private as well as the public sector.

With regard to the public sector, where there will be problems of discipline, it should be noted that people are much more aware of the problem now than they were a month ago.

At any rate, some sectors may not follow the rules of the game. /Then there will be sanctions,/ because we must set an example. As for the private sector, there may also be problems there. Some businesses will want to raise prices too high. In those cases, /we will crack down hard,/ because if we do not, this program will become an orthodox program, meaning that it will lead to a recession, and that is precisely what we want to avoid.

With regard to the General Confederation of Labor (CGT), which has asked for a 50 percent raise, a dialogue is necessary. But all should be aware that such a raise is incompatible not only with this program, but with any anti-inflation program.

[Question] And a lower increase?

[Answer] As long as prices remain frozen, /there is no possibility for any kind of raise./ What we have here is a problem of confidence. The entire fate of the program depends on whether the rules of the game are obeyed and relative prices remain stable, and we have little room to maneuver.

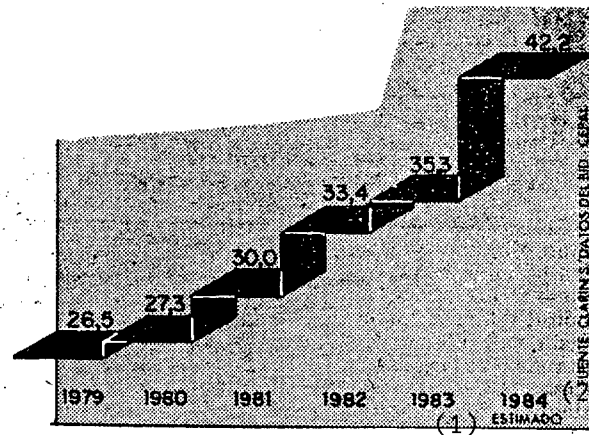
[Question] What are the time frames for the freeze?

[Answer] Two things: We do not know, and if we did, I would not say, so that nothing will happen on the 91st day, or the 121st, or the 181st. We feel, moreover, that that day will not happen, because we will take corrective measures to end the freeze /gradually,/ little by little.

[Question] Price freezes have not worked before in Argentina.

[Answer] Previous experiences in Argentina took place without closing the fiscal gap. We believe in the /coherence/ of the program, because it entails cutting public spending. We are certain that we will be able to close the fiscal gap so that the program will not explode, as happened on earlier occasions.

Foreign Debt/GDP Ratio In Percentages



Key:

1. Estimate
2. Source: CLARIN, data from IADB, ECLA

8926

CS0: 3348/784

ARGENTINA

SALIENT POINTS IN 'FORCED SAVINGS' BILL NOTED

Buenos Aires CLARIN in Spanish 28 Jun 85 p 2

[Passages enclosed in slantlines printed in boldface]

[Text] The principal points of the /"forced savings"/ bill are the following:

- The system will /remain in effect for 2 consecutive fiscal years./
- /The repayment/ of the amounts saved /plus the updated amount/ will take place /60 months/ to the day after the date when the deposit in question is made.
- The updating will take place as follows: The amounts saved will be repaid /and the principal will be adjusted in accordance with the change in the wholesale price index, general level,/ compiled by the National Institute of Statistics and Census /between the month immediately preceding that of the initial deposit and the month immediately preceding the maturity date of the deposit./
- /In addition, the change in that index that is applicable to each year of deposit will be reduced by 10 percent,/ and the adjusted change will be used as a basis for calculating the following year's change.
- /The sum of the amounts saved and the updated amounts will be exempt from the Capital and Net Assets Taxes./
- /Considering savings as a function of income, the bill states that it covers physical persons domiciled in the country, and undivided estates located here, if the last domicile of the deceased was in this country,/ until the declaration of heirship is issued or the will is probated.
- /The amount of savings will be determined on the basis of taxable earnings for the 1984 fiscal year,/ in accordance with the rules of the Income Tax, with different adjustments.
- As for savings as a function of assets, the bill will cover those who are subject to the /Capital Tax/ (with the aforementioned exceptions) and the /Net Assets Tax/ (also with exemptions).

-- In the former case, the savings capacity will be determined /as a function of the taxable capital referred to in Article 11 of the Capital Tax Act,/ obtained pursuant to the provisions of that law, corresponding to fiscal year 1984, with different adjustments.

-- In the latter case, the savings capacity will be determined on the basis of the net assets subject to taxation, calculated in accordance with the provisions of the corresponding law.

-- Also /exempt/ from these measures will be the /special promotional laws/ governing capital, net capital and income.

-- /If the deposits are made after the deadline, the depositors will lose the right to repayment of 50 percent of the amount saved./

-- The /General Tax Office/ and the /National Savings and Insurance Bank/ will be responsible for determining the places, types and terms of the deposits.

8926

CSO: 3348/784

ARGENTINA

MEAT EXPORTS REMAIN LOWEST IN 19 YEARS

Buenos Aires CLARIN in Spanish 13 Jun 85 p 6

[Passages enclosed in slantlines printed in boldface]

[Text] /Beef exports totaled 22,000 tons in May,/ a /22.2 percent/ improvement over the 18,000 tons exported in April, according to a report issued last night by the National Meat Board.

Thus, /in the first 5 months of the year, nearly 95,000 tons of beef was exported,/ compared to 121,900 tons exported in the first 5 months of 1984, and 186,000 tons in the same period of 1983. This represents /declines of 22.1 percent and 49 percent,/ respectively.

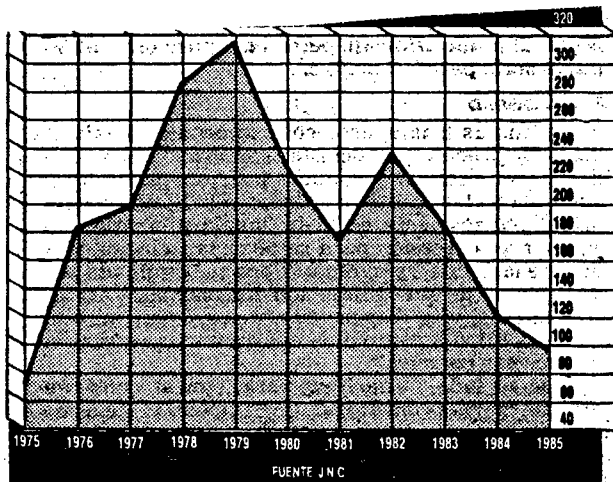
The volume of meat sold so far this year is /the lowest in 19 years,/ with the exception of 1975, when 73,000 tons was sold during the same period.

Revenues totaled /\$26.2 million,/ a /31 percent/ improvement over the \$20 million reported for beef exports in April. There was also a 2.5 percent increase in the price per ton, to \$1,191. Even so, prices were below those quoted for the first 3 months of the year, which were always over \$1,200 per ton.

Of the 22,000 tons exported, /12,300 tons corresponded to refrigerated and frozen meats, and 9,700 to canned and cooked meats./ In the former category, /the European Economic Community practically doubled its purchases from the previous month/ by buying 5,300 tons, 43 percent of Argentine sales of this type of meat. /Israel,/ on the other hand, bought 3,100 tons, after having bought no Argentine meat in April. This figure was practically double that country's average monthly purchases.

The third largest buyer now appears to be /Angola,/ whose purchase of 1,500 tons stayed at the same level as the April figure.

Beef Exports
January/May
(Thousands of Tons)



Key:

1. Source: National Meat Board

8926

CS0: 3348/784

ARGENTINA

BRIEFS

MILITARY AT FAMUS MASS--Attended by the chief of the general staff of the army, Gen Hector Rios Erenu, and his deputy, Gen Mario Jaime Sanchez, the FAMUS mass for those killed by terrorism in the month of June was held yesterday. The dead included Lt Gen Pedro Eugenio Aramburu and trade union leader Augusto Timoteo Vandor. The religious service was held in the Stella Maris Chapel of the military vicarage in Puerto Nuevo, attended by about a thousand persons, including over 100 uniformed army officers from the ranks of colonel to captain. Also present was the wife of former President Jorge R. Videla, Raquel Hartridge, but there was not a significant number of former officials of the military government, as there had been on previous occasions. The sermon by Reverend Juan Rollan dealt with the Christian duty to forgive which, according to Rollan, must be sincere and humble, an expression of love between brothers. "And if we could ask something of the means of communication, it would be that they say this to our brothers: that there is here a group of brothers gathered together to offer this gesture of reconciliation and pardon," the priest said. At the conclusion of the mass, those present sang the national anthem and ended with long live the country, independence and the armed forces. [Text] [Buenos Aires CLARIN in Spanish 26 Jun 85 p 12] 11,464

CSO: 3348/774

BRAZIL

TSE AUTHORIZES 10 NEW PARTIES TO PARTICIPATE IN ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jul 85 p 4

[Text] Brasilia--The Superior Electoral Court [TSE] yesterday granted authorization to 10 political parties to participate in the 15 November municipal elections. They are: the Brazilian Communist Party [PCB], the Liberal Front Party [PFL], the Humanist Party [PH], the Social Christian Party [PSC], the Communist Party of Brazil [PCdoB], the National Tancredo Party [PTN], the Liberal Party [PL], the Communitarian Municipal Party [PMC], the Brazilian People's Party [PPB] and the Christian Democratic Party [PDC]. The other parties--of the 21 applications, the TSE authorized only 10--will have to comply with formalities and complete documentation regarding the party manifesto, by-laws and program and show proof of being organized in at least 5 states of the federation.

In a resolution adopted yesterday, after the voting, the TSE now permits parties that have authorization pending to have their petitions granted by the reviewer "ad referendum" of the TSE on or before 15 July. In the same resolution, signed by all the judges and by the attorney general of the republic, the TSE regards the founders of the parties in formation as members of the respective parties. The TSE yesterday also assigned numbers to the parties for the 15 November elections: PPB, 16; PDC, 17; PMC, 18; PH, 19; PSC, 20; PTN, 21; PL, 22; PCB, 23; PCdoB, 24; and PFL, 25.

In analyzing the operation of the Socialist Agrarian and Renewal Party--PASSART--Judge Oscar Correa decided to require the formalities so that the party meets the requirements of the election code, that is, that it be organized in at least five states and that it have a manifesto, by-laws and a complete program. The same was the case with the Brazilian Liberal Party (PLB), the Social Labor Party (PST), the National Mobilization Party (PMN), the Nationalist Party (PN), the Brazilian Socialist Party (PSB), the Brazilian Nationalist Party (PNB), the Brazilian Municipal Party (PMB), the Independent Democratic Party (PDI), the Youth Party (PJ) and the Labor Reform Party (PTR).

In a session that lasted almost 3 hours, the TSE decided to authorize existence of the parties that met the requirements of the electoral legislation so that they could participate in the November 1985 elections. According to the attorney general of the republic, Jose Paulo Sepulveda Pertence, who also performs the duties of electoral attorney general, granting authorization was virtually arbitrary. In regard to provisional registrations, Pertence explained that the TSE left the

problem for another occasion, when they will be analyzed on the basis of the new Organic Law of Political Parties. The attorney general also stated that the mandates of those elected on 15 November would be preserved, even if their parties do not survive.

Jose Paulo Pertence stressed that the law creates difficulties in regard to the date for eligibility, placing it on the same day as the deadline for party affiliation.

The court's verdict granted eligibility to the National Tancredo Party, but warned parties whose names are inspired by names of personalities that granting eligibility does not imply granting provisional registration.

The Communitarian Municipal Party arrived at the last minute. Pertence gave an oral opinion during the session and eligibility was granted.

The president of the Liberal Party, Deputy Alvaro Valle, candidate for mayor of Rio de Janeiro, said that his party is likely to have candidates in at least nine Brazilian state capitals. The congressman said he did not want to campaign more extensively before receiving a reply from the TSE, for reasons of security, but mentioned that at least 12 deputies, including Ruy Codo (PMDB [Brazilian Democratic Movement Party]-SP [Sao Paulo]) and Sergio Philomeno (PDS [Social Democratic Party]-CE [Ceara]) are expected to join the party in the next 40 days.

The following are the characteristics of the parties that have been authorized to participate in the 15 November election:

Christian Democratic Party: Presided over by Jorge Coelho Duarte, the PDC program supports banking reform to give official banks greater and more rigid control of credit and to create development banks for initiatives essential to the community. Proposes total support for micro, small and medium-sized businesses; favors democratization of education and extinction of illiteracy in the short run.

Communist Party of Brazil: Of leftist ideology, the party is "presided over" by the secretary general of the Central Committee, journalist and member of the 1946 Constituent Assembly Joao Amazonas de Souza Pedrosa.

Its program proposes installation of socialism in Brazil, asserting that "this new regime, born out of the struggle against oppression and exploitation, will foster liberty and justice and will be built upon the specific conditions of Brazil."

Humanist Party: The PH, whose president is Waldomiro dos Santos Filho, a Sao Paulo student, proposes support of the democratic, representative, republican and federal regime. It condemns violation of human rights and replacement of the democratic system. Its program asserts that social humanism fosters tax reform and new models of co-management. It proposes integration of Latin America and accelerated demilitarization under the supervision of a commission of Latin American countries.

National Tancredo Party: This party, which has no relatives of President Tancredo Neves nor any politicians associated with him as members, asserts in its program

that it believes in the power of the Brazilian people to implement the political, social and economic program bequeathed by Tancredo Neves.

Liberal Front Party: The PFL gives priority to basic education, with the intention of eradicating illiteracy. It advocates agrarian reform through use of instruments of tax policy and the rules contained in the Land Statute, facilitating their effective utilization through priority attention. It proposes guaranteed fair prices for agricultural products.

Social Christian Party: This party, whose president is Vitor Jorge Abdala Nossels, urges plurality of parties and demands of federal, state and local governments efficient preparation and execution of plans for confronting political, economic and social problems. It calls for restoration of the legitimate prerogatives of the National Congress.

Brazilian People's Party: The president of the PPB is Antonio dos Santos Pereira and its vice president is the former delegate of the PDS to the TSE, Joaquim da Costa Dourado. The PPB proposes parliamentarism as a form of government and the only system capable of preventing the periodic crises characteristic of presidentialism.

It supports return of its prerogatives to congress and proposes a minimum age of 16 for voting. It favors free initiative and is opposed to the unscrupulous growth of state enterprises, invading the operational area of private business.

Liberal Party: Supports the balance of powers and thinks all international agreements should be submitted to congress. Favors economic strengthening of the citizenry so that society can live with greater dignity.

Brazilian Communist Party: Its president is the secretary general of the Central Committee, Giocondo Dias. It supports unrestricted right to religious liberty and freedom of the press. It asserts in its program that social measures will be legitimate and efficient only if they involve the affected population, in their preparation as well as in their execution. The PCB believes that the government's priority investments should have impact on activities that broaden the labor market.

8834

CSO: 3342/223

BRAZIL

MILITARY CONTINUE TO CONTROL PLANALTO OPERATION, ROUTINE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 85 p 4

[Text] Brasilia--One of President Sarney's assistants, who has a kidney condition, asked the Planalto Palace catering service a few days ago for a cup of tea. Tea is served only on Fridays, replied the military officer in charge of that service. Another member of the presidential team, former Deputy Celio Borja, also found out that "to get a sheet of stationery or an eraser here, one must ask a major for it."

Almost 4 months after taking office, civilian officials of the New Republic are still discovering, day by day, that the military left the government, but did not abandon the Planalto administrative structure, which is entirely controlled by military officers, some of them entrenched in their positions for several years.

Complaints are being made to Civilian Cabinet Chief Jose Hugo Castelo Branco and to the president himself. But the government wants to treat the problem with tact and prudence, to avoid frictions and to prevent any such frictions from being politically exploited. Military Cabinet Chief General Bayma Denys is aware of the situation and will try to make accommodations gradually.

The fact is that after 20 years it is difficult to change the palace structure. If only because of the number of military men in key positions. For instance, the military cabinet has 47 officers, from colonel to general, while the civilian cabinet has only 19 members. This is without counting the 8 officers that are in the SNI [National Intelligence Service] top command and the 43 on detached service to the National Security Council.

When all is said and done, the military control practically everything in Planalto Palace, from coffee breaks to airplanes. In fact, until recently employees could have a coffee break only if there were enough people to require a full tray of coffee cups, which was the catering service's chief's idea of waste prevention. This has now changed. One of the new civilian employees suggested that coffee be brought in smaller pots in order to accommodate smaller orders. The idea was accepted.

Similarly, officers still retain control of the personnel, transportation, supplies and communications sectors in the palace. The administrative director is Colonel Franco; the security director is Col Fabiano Lins; Col Messias Araujo

is in charge of health services; Colonel Teixeira is communications chief; Lt Com Teles Pacheco heads transportation services, and so on. Seeing that the complaints are increasing, one of Sarney's closest advisers commented: "I get the impression that all that was here before were the president, the household ministers, elevator operators and security agents, because the administrative structure doesn't function."

The military are also trying to retain former privileges. The government decided upon a cut of 25 percent in all expenditures, but the recommendation has been applied more in civilian areas. For those in uniform, the restriction came gently and they retain perks, such as official cars. Despite everything, the military personnel have felt at least one influence of the New Republic: the pace of work is intense. The previous regime built a complete sports center in back of the palace, with multipurpose courts and soccer fields, as well as gymnasium equipment, where employees of the military cabinet, the aides-de-camp and security personnel kept in shape during lunch hour and evenings. Today the playing courts are empty.

8834

CSO: 3342/221

BRAZIL

NAVY TESTS BRITISH SEA SKUA MISSILE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 85 p 8

[Article by Roberto Godoy]

[Excerpts] Crews of the Brazilian Navy's Lynx attack helicopters are now being trained to use the new Sea Skua light anti-ship missile purchased in England to equip and enhance the firepower of the frigate force to which the Lynx squadron is attached: each ship carries an aircraft of the group in the stern hangar. The contract negotiated in London with British Aerospace Dynamics is being covered by funds from a \$14.5 million financing by Lloyds Bank International obtained by SEPLAN [Planning Secretariat] at the end of the Figueiredo administration. Each missile costs about \$450,000 and Brazil bought a lot estimated between 10 and 15 units.

The training of the navy personnel will be rapid. In the middle of the 1970s, when they were incorporated in the six frigates of the Niteroi class--two of which were made in Rio de Janeiro at the Ilha das Cobras Arsenal--the technical configuration of the helicopters was defined with the Sea Spray radar system needed to fire the missile and with which the ships's crews are thus already familiar. The Sea Skua and an Exocet series purchased recently from France are probably the last missiles of this category purchased abroad: according to the navy's reequipment plan, future generations of electronic weaponry are likely to be produced in this country. At this moment Avibras Aerospace is developing the Barracuda, designed to have a performance superior to that of the Exocet, and is preparing to introduce another, an anti-aircraft missile.

The efficient Sea Skua is the first really modern electronic weapon for aeronaval strategy that the Brazilian Navy has adopted. Until now it used missiles of foreseeable use, for operations essentially of defense against surface vessels, submarines or aircraft--but always based on a ship. Only recently were computerized Tigerfish torpedos purchased, also from Great Britain. Brazilian frigates and destroyers are equipped with Sea-Cat (sea-to-air), Exocet MM-38 (sea-to-sea) and Ikara (anti-submarine) missiles, all with technology from the 1960s and 1970s.

The Sea Skua has already been proven in combat: during the war between Argentina and Britain for possession of the Malvinas/Falkland Islands, seven of them were fired against two patrol corvettes and two supply ships hit at the edge of the exclusive zone at the point nearest the continent, off the city of Rio Gallegos.

"Although it was the new missile's operational debut, these missions were completely successful," asserts a British military source associated with the firm that developed and produces the system.

The increased combat capability of the navy also involves the leading professional troops of the force, the marines. Last week sources in the officers' corps admitted existence of studies to purchase at least 22 Walker Bulldog M-41 medium tanks to be modernized by Bernardini Industries, Inc., of Sao Paulo, on the same standards of restoration of firepower accomplished for the army. It is the first time that the nation's marines will have tracked combat armored vehicles.

Sea Skua Has 15-km Range

The newest light British missile is the only one of its category to be used by a Latin American navy, launched by helicopter and capable of low-altitude flight, literally at sea level, for the whole time. Designed originally to complete the Lynx attack load, the Sea Skua has configurations adaptable to regular aircraft. British Aerospace has been working on creation of a sea-to-sea version that can be fired from coastal launching pads at high velocity. According to an admiral of the Naval Operations Command, "the combination of the Sea Skua with the Lynx enables prompt, effective and low-cost reaction against targets located beyond the ship's radar horizon, thus permitting a mother frigate to remain passive, safe and undetected by the enemy, who in turn does not know where to expect the attack, almost always destructive, to come from." Each helicopter can carry up to four units, and the range of 15 kilometers permits the aircraft to operate at a safe distance for evasive maneuvers in case of counterattack.

Operation is relatively simple. The onboard radar, a Sea Spray developed by Ferranti, locates the target and immediately begins to track it, automatically. At the same time, the computer "lights up" the objective with radio signals, whose frequency, when repeated, is reflected and captured by the electronic search center, attached to the very "brain" of the missile's guidance unit. Strictly speaking, a semi-active radar. When the helicopter launches the Sea Skua, it travels a short distance under its own guidance, stabilized only aerodynamically, acquiring navigability after ignition of the motor, exactly 3.8 seconds after separation. The missile then descends to cruising altitude, with the stages controlled by the programmable radio altimeter. Without necessity of further intervention by the Lynx, the weapon seeks four levels, all quite close to the ocean, depending upon two parameters: a) the sea conditions, rough or calm, and b) the size of the target. From that point on, the Sea Skua forms a mathematically coordinated combined whole with the target, following its course, directional changes, velocity and position in relation to the point of impact.

Force

The nine navy Lynx helicopters are part of the six-frigate Niteroi-class force that Brazil bought in the middle 70's and commissioned between 1976 and 1980. Four are earmarked for anti-submarine duty and two are for general use. Displacing 3,800 tons, all have the same crew: 200 men. The frigates, of the "42" type, follow the British design, executed by Vosper-Thornicroft. Two of them were built at the Ilha das Cobras arsenal in Rio de Janeiro. Each Lynx occupying

the stern hangar of these combat vessels has two pilots, flies at 239 km/hr and can cover, in the standardized version, 593 kilometers. It is not simply an aerial vector: it carries up to 14 fully-equipped men and two more MK-44/46 torpedoes. It is very agile, can be steered quickly, permitting acrobatic maneuvers uncommon for helicopters, such as "leaping" or dive-bombing.

The Sea Skua measures 2.5 meters in length, weighs 145 kg and has a 280-mm calibre, for a maximum span of 72 centimeters. The warhead carries 20 kg of high explosive and the weapon's maximum range is 15 kilometers. Each Lynx carries up to four missiles.

Barracuda

In the future, this missile will be replaced by the light version of the advanced anti-ship missile that Avibras Aerospace has been developing, the Barracuda MM-70. The basic model is of the Exocet class, but at the time of introduction, probably in 1987, technical specifications will have kept abreast of technological change. This powerful weapon, which flies at 1,100km/hr, will thus be able to resist forces of up to 8-G (eight times the pressure of gravity). Its total estimated weight is 600 to 800 kg, measuring about 5 meters in length. The warhead will carry a load of over 150 kg. A subsonic first generation, but with microprocessors, may be used for coastal defense by the army.

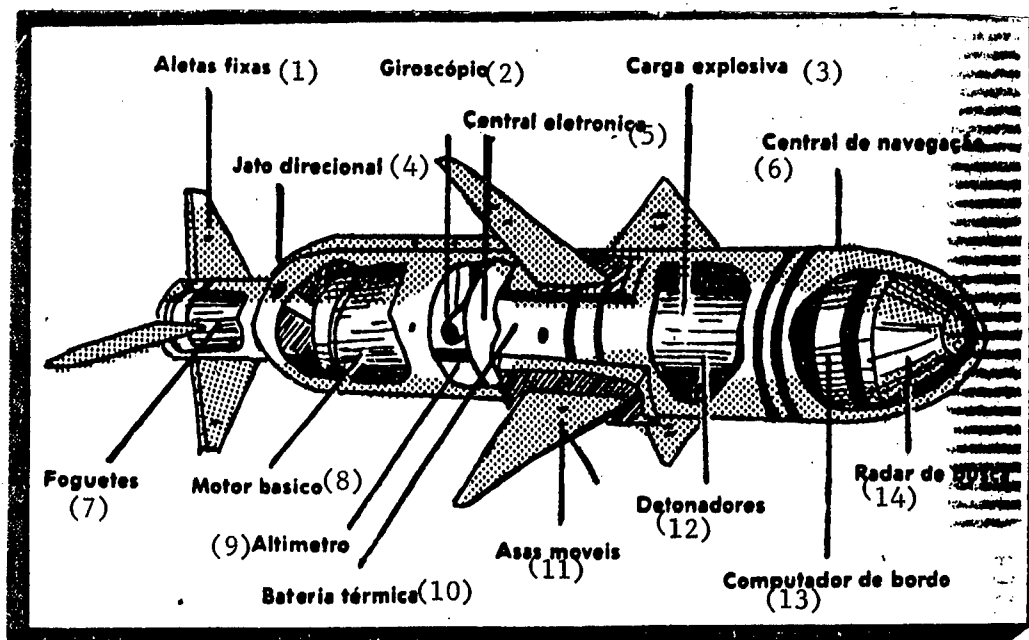
Acquisition of the British Sea Skua missile was decided initially by former Navy Minister Maximiano da Fonseca "to provide the navy with knowledge about and familiarity with electronic weapons launched from aboard helicopters."

Greater Marine Combat Capability

The Marine Corps is studying the purchase of two squadrons of Walker Bulldog M-41 medium combat vehicles, built in the United States in the 1950 decade, and which comprises the main armored force of the Brazilian Army. The marines want two squadrons, approximately 22 tanks, to increase their combat capacity with armored support, currently provided only by five EE-9 Cascavels from ENGESA [Specialized Engineers, Inc.], provided with electronic gear and 90-mm guns.

According to a Marine Corps officer, the undertaking is still at the evaluation stage, but when it reaches the implementing stage it will involve Bernardini Industries, Inc., of Sao Paulo, which developed a program for modernizing Brazilian M-41 tanks that has been adopted by the army. The vehicles will thus be purchased abroad and later rebuilt by the Bernardini firm, incorporating advanced components.

The result of these modifications is known as the M-41/BP, encompassing 3,000 items in the process of transformation. The weight increases, from 23 to 25.3 tons, and with adoption of the 405-hp DS-14 engine consumption falls to 1 km/liter. The new fuel tanks permit increasing the range to 460 km. The original suspension, according to the manufacturer, is strengthened by a torsion bar, facilitating access to ramps with 60-degree slopes. The armor is also altered: the frontal section and the turret receive layered modules, while the sides will be covered by double-strength "skirts." The former 76-mm gun is replaced by a 90-mm piece called the Can90/M32C/50-BR2, which permits use of supersonic ammunition. Supporting



Key:

- | | |
|-----------------------|----------------------|
| 1. Fixed fins | 8. Basic engine |
| 2. Gyroscope | 9. Altimeter |
| 3. Explosive charge | 10. Thermal battery |
| 4. Directional jet | 11. Movable wings |
| 5. Electronic control | 12. Detonators |
| 6. Navigation control | 13. Onboard computer |
| 7. Rockets | 14. Pursuit radar |

armament remains unchanged: 7.6-mm coaxial machinegun and P-50 antiaircraft gun. In the turret, the main effort is that of standardization of the internal systems, covering 200 service points, from rations to binoculars for night vision.

The marines have a force of 13,500 men, equipped with five wheeled Cascavel EE-9 tanks (served by several electronic systems, including one for laser sighting), 30 amphibious M-113 troop transports, 5 Urutu EE-11 amphibious troop transports for multiple use, 57-mm guns, 105-mm howitzers, and 108-mm R-108 multiple saturation-rocket launchers from Avibras Aerospace. In the second half of last year a contract was signed in the United States for purchase of 12 Alligator LTVP/7A1 high-performance amphibious tanks.

In the case of the M-41, sources in the high command of the Brazilian Marines limited themselves to confirming interest, "although acknowledging the need for increasing the firepower of the troops."

8834

CSO: 3342/221

BRAZIL

EMPLOYMENT UP 1 PERCENT IN MAY; BUDGET CUT IMPACT FORECAST

New Job Creation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 85 p 24

[Excerpt] Brasilia--Nationwide employment increased 1 percent in May, with generation of 150,000 new jobs, repeating the April increase. According to the Labor Ministry's projection, the growth rates of the last 5 months indicate the possibility of the nation reaching the mark of 1.5 million new jobs by the end of the year. The ministry's analysis further reports that employment is increasingly identified with activities centering on the domestic market.

The most substantial increase, also repeating April's performance, occurred in trade activities and services. The rates of growth--1.3 percent and 1.1 percent, respectively--are responsible for generation of over 100,000 new jobs. From January through May of this year, these economic sectors absorbed 265,000 employees, five times the number absorbed in the same period of 1984.

The Labor Ministry reaffirms its analysis that the resumption of employment is occurring as a function of the domestic market, comparing the growth rates of employment in the industries of food products, beverages and ethyl alcohol, responsible for 22,000 new jobs in May, with the loss of 2,000 jobs in the export-oriented transportation-equipment industry. The sectors of civil construction and direct public administration, although having positive rates of growth in May, show a slippage in employment generation when the rates are compared with those of April. In May civil construction generated 4,500 new jobs--70 percent less than the number reported in April--and direct administration generated 7,300 new jobs--30 percent less than in April.

Sao Paulo continues to have the nation's largest contingent of employees. Of the total of 19 million jobs in Brazil, 4.1 million are in Sao Paulo, representing 21.6 percent of the nation's work force. Although metropolitan areas have smaller variations in the level of employment, compared with small and medium-sized towns, they have generated 35 percent more new jobs in the last 12 months.

Budget Cut Impact

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 85 p 24

[Text] The portion of the restriction of public expenditures that will have direct impact on the payrolls of state enterprises and public administration--

16.7 trillion cruzeiros--will cause a loss of 162,500 jobs for the labor market. Although concerned about such a reduction, the Labor Ministry's wage and employment secretary, Dorothe Weneck, pointed out that this is the first selective cut that the government is making in its expenditures and there will be no reduction of expenditures in any activity considered essential or a major source of employment.

At the same time that the level of employment will decrease as a result of the package, the government promises to create almost three and one-half times as many jobs with the Program of 1985 Priorities. Employing 11.3 trillion cruzeiros, the government intends to create 559,000 new jobs. The difference is that, whereas the budget cut is already being implemented, the funds for the 1985 Priorities have not yet been released. Nor is there any comparison qualitatively: the employment generated by the 1985 Priorities will not be permanent and the income will be much less--three times the minimum wage at the most.

The reduction in direct employment caused by the cut totals 44,000 jobs. It is made up of the following: 22,000 less jobs in public administration and 15,000 fewer jobs in the state enterprises. In direct investment (where government employees are employed) the reduction represents 17,000 fewer jobs. The indirect effect of the cut is to result in a greater reduction in the level of employment: 118,500 jobs. The greatest loss is in the reduction of government investments: 105,000 jobs.

If the Program of 1985 Priorities is completely implemented, use of 5.6 trillion cruzeiros for meeting the basic needs of the population will generate more employment: 244,000 new jobs.

8834

CSO: 3342/223

BRAZIL

PLANS AS PRODUCER, MARKETER OF TECHNOLOGY DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 85 p 24

[Text] The nation's scientific community is preparing to present Brazil on the international scene as a technology-producing nation, with the image of an emerging economic power and capable of engaging in excellent bilateral exchanges of production techniques in the modern sectors of telecommunications, informatics, micro-electronics, advanced chemicals, food production and biotechnology. It is a lengthy job of public relations, marketing and, especially, an enormous domestic effort by scientists and the government. But the first step is already being taken jointly by the Foreign Relations and Science and Technology ministries, which are beginning this year to review some of the bilateral agreements for scientific cooperation.

The idea, still incipient, is that of Renato Archer, minister of science and technology, who returned 2 weeks ago from a trip to France and Japan, making political agreements for technological cooperation. Next week, Foreign Relations Minister Olavo Setubal will spend a few days in India negotiating with the government of Rajiv Gandhi more accords for cooperation in the sectors of informatics, atomic energy, space research and ocean resources. The marketing effort could also begin this year, with Brazil's participation in the ambitious "Eureka Project" conceived by France to keep in Europe the brains that are migrating to the United States, hired for Ronald Reagan's "star wars" project.

So far, the only agreement that is to be reviewed is that with France, but the bilateral technical commissions have not yet sat down to decide in which sectors to invest. Brazil has 49 agreements of scientific cooperation, with 29 countries (30 including India), but very few of them produce any real technological advance. Most of them were signed, over the years, as a sign of political good will; others are a "one-way street," where only one of the partners has anything to offer. For example: the two agreements with the United States serve mostly for Brazilian educators, physicians and agronomists to study with Americans, with the blessing of the National Research Council (CNPq), whereas the agreements with Mozambique, Guyana, Suriname and Bolivia permit professionals from those countries to do research in Brazilian universities.

Agreements with countries on a equal level of technological development, such as Belgium, Argentina and Mexico, have simply never functioned. There is also the case of the agreement with the Vatican, signed 5 March of this year--1 week before ex-president Figueiredo left office--at the request of the president of the Pontifical Academy of Sciences, Professor Carlos Chagas, for Brazilian researchers to be able to participate in the international meetings conducted by that entity.

BRAZIL

BRIEFS

SARNEY NAMES ADVISERS--Brasilia--President Sarney yesterday appointed nine members to his immediate staff, including Pedro Cavalcanti D'Albuquerque Neto as deputy chief of studies and projects of the Civilian Household; newsman Herberto de Azevedo Sales as technical adviser in the president's office; and Antonio Leonidas Salles, Irapoan Cavalcanti de Lyra, Leda Vieira da Cunha Reis and Walinda Carvalho de Oliveira to the president's private secretariat. He also appointed Sergio Augusto Barreto as chief adviser to the Civilian Household; Cleyde de Fatima Garcia to the press secretariat; and Irma Alvim as special adviser to the president. In another action, President Sarney appointed Minister Thereza Maria Machado Quintella, consul general of Brazil in London, Deputy Ruth Escobar and Senator Eunice Michiles to represent Brazil in the World Conference for Review and Evaluation of the Progress Achieved during the United Nations Decade for Women, to be held in Nairobi 15 through 26 July. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jul 85 p 4] 8834

CSO: 3342/223

CHILE

ALMEIDA: ONLY ARMED FORCES, U.S., SUPPORT PINOCHET

Madrid MUNDO OBRERO in Spanish 6 Jun 85 p 40

[Interview with Glodomiro Almeida, former Chilean minister]

[Text] [Question] The success of the general strike in October last year and the renewed severity of Pinochet's repression have created a powerful trend towards the unity of Chilean opposition forces. What is the present state of this possible unity?

[Answer] In recent weeks there have been considerable advances, a commitment that we call "For democracy, peace and life" has been signed by all democratic forces ranging from the Christian Democrats to the Popular Democratic Movement, which includes socialists, communists, the labor movement and peasants and other groups of the revolutionary Left.

Within the Christian Democratic group there has been a factional struggle that has become ever more evident and there is a disposition to reach an understanding with other rightist forces that support the regime in order to find a negotiated solution. There is also another faction, which is growing in strength, which sees the need to unite with the other opposition forces so as to create the conditions for a fundamental political change. This has caused paralysis, not only within the Christian Democratic Party, but also within the Democratic Alliance, a central coalition in which they are integrated. And the development of this process that is now beginning is what will mark out definitively the future of the opposition. For the Chilean Left it is imperative to develop unity, and now conditions are becoming favorable for this.

[Question] If this process towards unity manages to develop, what perspectives does it open for Chile?

[Answer] The growth of the mass movement would speed up and within a year or two fundamental political changes might come about.

This would also be favored by the backdrop of the economic situation. The crisis is hitting the public hard and has no possibility of ending. Rather, it seems to be intensifying. We have before us the example of neighboring

countries; facing the economic crisis, the conditions imposed by the International Monetary Fund so that the government can pay its debts are such that they will translate into the reduction of public expenditures, reduction of investments, a smaller number of jobs, and all this is a breeding ground for an opposition popular movement.

[Question] In view of this situation, what changes are there that the United States might withdraw its support from Pinochet or favor some alternative changes?

[Answer] The Americans have been following the Chilean situation very closely and at the same time have sent to our country outstanding representatives of the United States for Latin America. The situation seems worrisome to them and they have come to see whether there are possibilities that there should come about in Chile a sort of transition as in Uruguay or Brazil, and the conclusion they came to was negative.

In Chile conditions do not allow liberalizing phenomena leading to openings such as in these other countries. They were unable to find an important Center-Right partner. After making this discovery they realized that there was no alternative to maintaining some sort of support for Pinochet and his regime provided they recognized the 1980 constitution. Within this framework, Reagan is still evaluating Pinochet's policy.

[Question] What other sectors support the dictatorship?

[Answer] Apart from the important backing from Reagan, it only has the armed forces, in which a very large sector objects to any kind of political liberalization, and the unity they maintain is decisive, they still count on American support. But obviously in this process it is not only the Americans who have a say, and this will be clearly seen if the unifying processes I referred to come to a successful culmination.

12856

CSO: 3348/809

CHILE

EL MERCURIO PROMOTES COMMUNAL SELECTION OF MAYORS

Santiago EL MERCURIO in Spanish 5 Jul 85 p A-2

[Editorial: "Communal Government"]

[Text] Several weeks ago, the public began hearing conflicting stories from various official sources connected to the communal government and administration about possible widespread resignations by the mayors in the country. The different statements, totally or partially contradictory, the rumors and unconfirmed leaks which have not been denied have produced mass confusion which does not contribute in the least to the progress of the municipalities, the efficient performance of their authorities, the good image of the government or the solution of the problems that each commune faces.

In the midst of this climate came the surprising resignation of the mayor of Las Condes whose work was highly esteemed by the majority of the local community. The circumstances lent themselves to various explanations and rumors that have not been denied. Now the top metropolitan authority has indicated the likelihood that there will be changes among other mayors "who have more than fulfilled their term already." Therefore, it would be logical to accept the resignations if they voluntarily present them. It seems unusual that the length of time in the position is given such an important priority at this level. Perhaps it would be better socially to look mainly at the criteria of suitability and efficiency.

It is indisputable that, by virtue of temporary provision 15.a of the Constitution, it is the exclusive prerogative of the president of the republic "to appoint and remove mayors anywhere in the country freely despite full or gradual application of Article 104." The latter is the permanent law according to which "the mayor will be appointed by the respective regional development council after the communal council proposes a slate of three. The intendant will have the power to veto that slate once." However, it adds that "the appointment of the mayor in certain communes determined by the law, because of population or geographical location," will fall to the president.

This situation at this stage in the transitional period once more indicates that organic constitutional laws concerning the interior government and administration should be dictated as soon as possible. Their application should begin before the end of that transitional period.

From an institutional and legal point of view, it is certainly advisable that the new system have the opportunity of being tested, corrected and established under favorable conditions. From the political point of view, it is dangerous to completely eliminate the old system of elected mayors without replacing it with an organically institutionalized mechanism. The transitory provision of direct appointment of all the mayors by the chief of state was an understandable option in the years immediately after the collapse of 1973, but it no longer seems necessary or useful almost five years after the 1980 Constitution has gone into effect.

This deprives the regime of an important mechanism of communication and participation between the governors and those governed as well as the commitment of the latter to an institutionality that should rule for a long time. It can be inconvenient for the president himself to be personally responsible for the good or bad administration of 323 mayors who appear to the community to be their closest representatives and spokesmen.

7717

CSO: 3348/800

CHILE

STUDENT TAKEOVERS SAID COMMUNIST PLAN; HARD LINE ADOPTED

Santiago TERCERA DE LA HORA in Spanish 12 Jul 85 p 4

[Excerpt] The government is convinced that the occupation and destruction of the Arturo Alessandri Palma Secondary School and the disturbances which have occurred at various university centers are no accident, but are a part of a pilot plan by the PC [Communist Party] to initiate general agitation throughout the country.

Background material obtained by the authorities a few days ago indicated that the Marxist-Leninists would attempt to create chaos and violence on the student front. But these confidential reports did not specify whether this would occur on the secondary educational level as well, as, unfortunately, has happened.

A reliable government source told the author of the commentary "The Political Moment" (La Hora Politica) that the situation does not involve just the 315 young people arrested, the more than 10 million pesos in damage and the indefinite suspension of classes, since it is a question of something much more serious.

The authorities are watching the situation which developed at the Arturo Alessandri Secondary School with interest as well as concern. Outside elements mingling with the students reappeared there, wearing masks and balaclava helmets and carrying homemade spears, slings with steel shot and Molotov cocktails.

Penalties

Although it took the police force almost 3 hours to clear the school by force, and those arrested will be turned over to the courts, it is now expected that energetic steps will be taken and that incidents of this sort will not be tolerated at any university, secondary school, vocational institute or other school in the country. In this connection, the old argument on which we have commented between the "hawks" and the "doves," by which we mean supporters of the hard line and soft line, has come to the fore again.

What is certain is that a compromise will be adopted. If new "seizures" occur, those responsible will be immediately and energetically removed as a lesson. However, there will be no banishments or administrative measures. Instead, those responsible will be turned over to the courts, so that no one can make any charges about human rights or similar matters.

The official strategy has now been outlined, and the authorities will only proceed with special zeal against those who engage a second time in these activities, which in the view of the government are purely criminal in nature, and therefore should be dealt with by the courts.

The finding of explosives in the secondary school was regarded as especially serious. It was commented that these were not exactly study materials, but demonstrate that there was the intent to provoke real tragedy there.

Moreover, there is now a practical certainty that 95 percent of those who participated in the violent seizure were young people and adults from other settlements, some of whom even attacked the students and teachers at the school and refused to respect the feelings of the desperate parents and guardians who came to the school in an effort to protect their children or wards.

5157

CSO: 3348/811

CHILE

CHURCH-RELATED PUBLICATIONS SUPPORT POLITICAL NETWORK

Santiago QUE PASA in Spanish 11 Jul 85 pp 34-38

[Article by P. O'Shea]

[Text] The United States is attempting, primarily, "to protect the interests of international capitalism, which are its own, and hence to maintain capitalist exploitation on the (Latin American) continent. For this purpose, it is impeding the unity of the American countries (...), opposing the Latin American liberation movements seeking to liberate themselves from capitalist exploitation (...); and, to accomplish these two things, it is fostering military dictatorships in all the countries and instructing the armed forces against rebellion, with techniques involving repression, police and torture."

These comments are from the priest, Jose Aldunate, in an article on the Falklands war ("An Idiotic War"), published in the bulletin of the Santiago West Zone Vicariate in June 1982.

This is one of the many similar news media (with more or less limited circulation, depending on their features) published by agencies subordinate to the Church in Santiago, or associated with it. "Solidarity," "Sharing," "The Word," "Message," "Popular Pastoral," "Service," "Dialoguing," "Comma and Period," "Faith and Solidarity," "Central Zone Bulletin.".... They are not confined merely to written media; now they have been joined by video (the alternative TV), slide films and slide projections. Their content: associated with religious themes, but linked with social, political or economic topics. It should not be thought that the entire contents of a bulletin or all the media express the essence of the one just quoted. They also contain specifically pastoral reports and local reports for every group to which they are addressed. But, in nearly all of them, the "reality," depending on their individual viewpoint, is present; as are the current events, the politico-economic situation, human rights problems...treated from their perspective.

What comprises the network of information and training centers which the Church has or which are linked with it? Of whom does it consist? What is its content? From what source is it being financed? Who controls it or sees to it that what is stated or done in it is in accordance with the directives from the Church and, in Santiago, with those from the Archbishopric? Is a parallel

Church being created? Do the germs exist in Chile for the emergence of "another Church," just as Msgr Lefevbre's followers are attempting to create space for theirs?

We were warned by circles close to the Archbishopric that the investigation which QUE PASA was trying to conduct would not be easy; that many doors would be closed to us when we asked question that no one or very few are knowledgeable on the subject or have an overall view of the Church network that exists at the base; that its content is, rather, only partially known; that to talk about money...oh! that was a taboo topic that every individual treats with "utmost" and extreme secrecy, according to a member of the hierarchy.

Moreover, some claimed that such information would hardly be given to a medium such as this (it would not be trusted by them) and particularly after, at the end of June, it published an article on the Church and the unity of Chileans, in which mention was made of this network. Something of the kind did happen. And "discretion" appears to be a virtue of Vatican diplomacy to manage its affairs. And it is a virtue also practiced there sometimes because "there is fear because of everything that has happened during the recent period of scares and threats," as we were told by the vicar of the Workers Pastoral Action, Msgr Alfonso Baeza, when we asked him for names of collaborators of the Vicariate. Sometimes, it is simply so as not to "make waves," as another source close to the hierarchy remarked. Or, finally, because some claim that the less talk there is in public about the subject, the easier it will be for the ecclesiastical authorities to solve the problems with which they are familiar and realize are troublesome.

Regarding the Black Theology of Liberation

Because the concern does exist. According to a source familiar with the Vatican environment, in Rome there is concern over what has been happening in the Latin American Church; concretely, over the rise of the Popular Church and the liberation theology movements with a Marxist tendency. The issue has been stated as one of the proliferation of individual churches, and ecclesial pluralism based on the various cultural traditions that exist. They are concerned about the duality: Church of the poor versus Church of the rich, which has proliferated in Africa and Latin America. In the case of the African continent, mention is made of "black" theology; and there is concern over the existence of about 500 theologians, including bishops, who favor a church of their own, that would take on the pluralism of the African traditions which include, for example, ancestor worship. It is thought that the visit which the Pope will make to that continent has as a main concern the solution to this problem.

In the case of Latin America, the issue has been stated with regard to the popular churches, of the "periphery," or of the "people," whose central core consists of the popular Christian communities. In Chile, the latter have received the name basic Christian communities or ecclesial communities. Does the germ of a church parallel to the official one, such as the popular ones in Central America, exist in our country? A source from the Archbishopric

commented that, in his opinion, the ecclesial communion that exists in the country between priests, laity and Church hierarchy would prevent that from hatching. He explained that, so long as this unity exists, there is no danger nor fear. And he claimed that it has existed up until now.

Nevertheless, as for whether there is a certain amount of concern, there is; in some circles because of the revival of the "Christians for Socialism." In the previous article, a source expressed concern because "what the bishops might say in documents is one thing, and what is happening at the base is something else, quite different." She cited that network of information and training centers attended by thousands of people, which is unknown to the vast majority of the population. This source claimed that, in her view, it was also unknown to the Vatican. And her concern stemmed from the fact that, in these centers, it is no longer a matter of making a defense for human rights, a legitimate and very necessary issue, but rather of devising and publicizing an entire political, ideological and social plan, closely related to the left and, on occasion, through formulas at odds with Catholic doctrine. She concluded by stating that all those studies were backed (and often financed), either directly or indirectly, by the Church.

The Nerve Centers

It would be impossible to make a complete organizational table with the centers which come under the Archbishopric and with others which, being ecumenical or commercial associations of lay persons, are associated with the latter by means of advisory bodies, and joint agreements or programs. Moreover, the Church's network of agencies is endless. And only part of it is a cause of this concern. A high-ranking source from the Church in the capital remarked: "I wish we knew the number of hours of preaching, catechesis, visits to the sick and training of catechists being done daily by the Church, which is its most constant and most predominant endeavor." But she admitted that what attracts attention is that other portion: the controversial paragraph, the more political or fortuitous article.

When we queried different sources concerning the nerve centers of the Church which would comprise part of this network operating at the base, both sources linked with the Archbishopric and others familiar with the subject agreed in mentioning the Vicariates of Solidarity, of Workers Pastoral Action and of the West Zone, as well as the Academy of Christian Humanism. On another level they cited the Eastern and Northern Areas, the Diego de Medellin Ecumenical Center, ECO, EDUPO or CIDE....Some of them have been a preferential concern of the archbishop, Msgr Juan Francisco Fresno; but not only those mentioned. At the close of this edition, QUE PASA received the report that difficult times were being experienced in a Santiago seminary directed by Msgr Juan de Castro. The stay of two seminarians in it was being reviewed, because of suspicions that they were Marxist inspired.

As for the Vicariate of Solidarity, Cardinal Fresno's concern is said to be expressed with changes, none of them radical, and making them slowly.

The arrival of a new vicar, after Ignacio Gutierrez' expulsion from the country, had already represented a change, although some have complained that the change is slow, that the bulletin "Solidarity" is the same as it was 2 years ago. However, the personnel from that Vicariate (who at the outset were mostly of the left; "no one wanted to risk working there") have been changing (Marcelo Contreras, director of Apsi, collaborated there for a while). It is known that the Archbishopric is clearly aware of who's who, politically speaking, among the officials at that Vicariate. But, so as not to produce friction... "piano, piano" [take it easy]. They told QUE PASA, furthermore, that although there are no indications that the archbishop intends to remove sponsorship from the magazine "Solidarity." in the event that this should occur, a study has already been made of the possibility of forming a commercial association that would continue to publish the magazine. (The bulletin does not reach all the archdioceses.)

The Academy of Christian Humanism is another agency that is a cause of some concern. It was sponsored by Cardinal Silva Henriquez, at the request of a group of ex-academicians who, under the political circumstances, had been "excluded" from the universities. At the beginning, the archbishop cooperated with a small amount of money, so that it might start operating, as a source from the Academy explained. At present, the financing comes from many private and semi-governmental agencies and foundations.

Theberge and the Academy

A couple of weeks ago, according to press reports, Ambassador James Theberge, said that he had requested that an American foundation cease financing projects of the Academy. It was learned that this was the Inter-American Foundation, subordinate to Congress. The problem which reportedly originated in a negative report on that Academy made by the United States Embassy in our country is said to have been solved now. Among the various agencies giving money to this entity is World University Center (WUC), which finances projects involving studies by students coming from other educational institutions. WUC also finances grants so that Chilean exiles may engage in projects both inside and outside the country. Another of the known programs at the Academy is the one called Economics of Labor (PET), whose studies have been quoted in various media, including for example some on the labor or nutritional situation submitted by the Workers Pastoral Vicariate. There is also the Interdisciplinary Program of Educational Research (PIIE), which previously belonged to the Catholic University and which is financed largely by the Ford Foundation. As in a network, professors from the Academy write in Church bulletins and magazines, and provide their advice.

Comprising the Academy's board of directors are Msgr Fresno, Enrique D'Etigny, Edgardo Boeninger, Hector Crozatto, Msgr Jorge Hourton, Ricardo Jordan, Fernando Monckeberg, Fr Renato Poblete, Domingo Santa Maria (from the Development Bank, associated with Cardinal Silva) and Gonzalo Vial. This board was appointed by Msgr Fresno shortly after he was named archbishop.

And it is possible that the Academy was one of his main concerns. One of the "harsh" measures that he had to adopt was removing sponsorship from "Analysis" (Cardinal Silva Henriquez had had the same intention). Msgr Hourton was a member of its council. When the magazine reappeared, after its suspension, that council was not included; and hence it is assumed that Msgr Hourton no longer has any intervention in its editorial line, other than writing his column. Another drastic measure that he had to adopt was the closing of the women's studies club as of 24 November 1983. The reason: That, rather than conducting studies on women, the group had turned into a center of Chilean feminism and, ultimately, in its studies and research, it was offering lines at odds with the teachings of the Church (pro-abortion position, sexual freedom, divorce).

It was claimed that at present the Academy has nearly 100 full-time researchers coming from universities, or exiles who are relocated in Chile. QUE PASA learned that in Archbishopric circles studies and reports are being produced on the work done by the Academy; essentially because, although a considerable number of its members are of the political center, a faction not to be underestimated belongs to the ranks of the left (Christian Left, MAPU [United Popular Action Movement], Socialist Bloc).

With the Command

The Workers Pastoral Vicariate, created by Cardinal Silva, has just sponsored a trade union meeting at Punta de Tralca. Labor leaders are converging there in search of training, and it has been spread to some parts of the country, "provided that the respective bishop has allowed or requested it," as it was noted (this, because the bishops are very jealous of their independence). Although it was impossible to learn the names of those cooperating in it, we found out, for example, that there is frequent advice from Luis Eduardo Thayer (an attorney from the CTC [Confederation of Copper Workers] and close collaborator of the National Workers Command); of economist Enrique Correa, a Socialist; of Jose Antonio Viera Gallo (who was invited to Punta de Tralca, but could not attend); or of Francisco Lopez, a philosopher, also of the left. It was also noted that the pastoral communities' coordinating groups operate near this Vicariate, some of which signed a document of the Socialist Party (those of Pudahuel and Villa Francia). This Vicariate has collaborated closely with the opposing labor leaders.

West Side Story

The West Zone, whose vicar is Msgr Olivier D'Argouges, has also been frequently cited as the most controversial. There, they recall with great esteem Msgr Alvear, who worked directly with Ignacio Gutierrez, later vicar of the Solidarity group. It is with this zone that priests who have had "problems" with the authorities more than once are affiliated: Mariano Puga, Roberto Bolton, Jose Aldunate, Sergio Torres and Fernando Tapia who, rather than being a priest, was charged with being a member of the Communist Party. One source noted that, in the West Zone Edupo is operating, a center for study and dissemination of popular education based on the theory of Paulo Frei, an ideologue from ENU.

Edupo is not associated with the Archbishopric, although it works on joint programs. Nor is ECO (which is also engaged in the field of popular education). As they define it in a document on political orientations of popular education, "When we refer to popular education, we are alluding to educational processes which are carried out because they are thought to serve popular liberation, a liberation which is interpreted as a political process." In addition to a "History of the Labor Movement," for example, this institution was co-producer, with SEPADE (an evangelical organization) and the Pastoral Reflection Center of the North Zone, of "Mariela, Roberto and Julio, unemployment slide film 1," Its content....

Although it is not an ecclesiastical agency priests and theologians are connected with it. Mentioned among them are Fernando Castillo L. (he also writes in zonal bulletins and in the Popular Pastoral organ, on the Church and Marxism), and Rolando Munoz; the latter, director of the magazine "Popular Pastoral," whose main content is a dissemination of liberation theology. Until recently, this magazine was published by the Diego de Medellin Ecumenical Center, with which the priest Sergio Torres, a curate from San Luis Beltran, who was world coordinator of the liberation theologians, is linked. We attempted to contact those in charge of "Popular Pastoral." Claudio Rammsy, legal representative, remarked that there was no inclination to talk with QUE PASA, because of the article, that made mention of them, one in which, in their opinion, "they were not treated well." Also, because on another occasion they had sent a letter which was not published, a letter with which we are not familiar and of which we requested a copy. However, he was not candid in answering our questions. The editor of that medium is the priest Rolando Munoz and, at the end of 1984, its editorial board consisted of the priests Jose Aldunate (also a writer in "Message") and Pablo Fontaine, among others. Up until that time, this publication was sponsored by the Diego de Medellin Ecumenical Center.

For reasons unknown to us, this center published in the "Official Gazette" that it was to become the Camilo Henriquez Ecumenical Center. As was explained to us, there was a certain amount of concern among the Episcopate over this center's activities and contents, for which reason it requested a report. In the meantime, the commercial association was created, in which no priest appears in charge of it, but rather laity, including members of the Protestant Church. The center reportedly participated in the free university of the University of Chile's School of Engineering, and also provides grants for research and for the training of Indians. The publication "Popular Pastoral" reaches priests and nuns all over the country.

There are other agencies not affiliated with the Church which do have a great deal of contact with it. The names are repeated from one location to another. SERPAJ (Peace and Justice Service, headed by Nobel Prize winner Adolfo Perez Esquivel) operates in Santiago, primarily linked with the Central Zone (of Msgr Hourton). Enrique Correa and Pablo Fuenzalida, both of the left, collaborate in it. It is claimed to be primarily engaged in the "training of leaders for democracy," and, like other institutions, it receives financing from French Catholics.

In all these agencies and media, the names are often reiterated and interconnected, giving rise to the network. Its critics express their concern because what is being hatched, promoted and taught in it is not the Church's pastoral action, but rather a Socialist design for our society. That is backed by the fact that the political origin of its members ranges from the Christian Left to MAPU...to Socialism.

Who is monitoring the content, and the financing, which appears to be provided by the Church, either directly or indirectly? There is no one watching all this from above. One source commented: "We are not running this like a regiment, nor do we want to." By its nature, it trusts in the judgment and insight of every pastor, every priest, vicar and bishop. The pastoral lines arrive from above, and on a weekly or monthly basis, there is discussion and review. But all the control over what is going on at the base of the Church is learned about a posteriori. In the minds of some close to the Archbishopric, there has been the idea, for example, of making the contents of the zonal bulletins uniform; but each vicar is and will be jealous of his freedom in that respect. If there is a mistake or any damage is done, it is learned only once it has occurred or has been charged. Then the correction is made. "The same thing happens in any family," it was remarked. This lies within the spirit of the Church.

It was officially stated that no consideration has been given to having a section of the Archbishopric play the role of a "controller's office." The unresolved question is whether, when the time comes to do the daring deed, it won't have become a herculean task. Because (confidentially), clearing up what has been partially contrived has had a price for the new archbishop. And a great deal remains to be done; and it will be increasingly difficult to make the amends, if they are necessary. There is a vivid recollection of John Paul II's scene with Ernesto Cardenal in Nicaragua. Little or nothing could be accomplished there. And it won't be long before the Pope visits our country. Because, despite what is claimed on the Church's part, that there is nothing to fear about what is being done, the question is: Will anyone answer for what may possibly be contrived under the shelter of that network?

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CHILE

INDEPENDENT DEMOCRATIC UNION LEADER ON TRANSITION PROGRESS

Santiago COSAS in Spanish 11 Jul 85 pp 28-30

[Interview with UDI leader Jaime Guzman Errazuriz, by Manuel Santelices; date and location unspecified]

[Text] [Question] What image of you do you think people have?

He looks up, smiles and, through his thick lenses stares at me:

"I think it is that of a determined, combative person, perhaps somewhat more inflexible than I really am. What I am certain of is that, for better or worse, I don't leave anyone indifferent. I evoke rather antagonistic reactions from people. The fact is that I have never been concerned about my image, and I don't ask myself this kind of question, because I have no type of personal political ambition. The only thing that interests me is that my ideas prevail."

The attorney, head of the Independent Democratic Union [UDI], member of the Fernandez Commission and former member of the Ortuzar Commission, in charge of preparing the Constitution of 1980, has just reached the age of 39. At 25, "he made the leap to fame" with the television program, "This Time, Impromptu"; as he recalls, "as the only voice of the right." He says that it would be very difficult for him to accept a one-person position, a ministry, for example, and that he feels far more comfortable working with commissions on which he can engage in some of his favorite sports: debating, discussing ideas and thinking.

The interview took place in his apartment, a place decorated with great simplicity (except for an enormous altarpiece executed during the 16th century by the disciples of Fra Angelico), which Jaime Guzman shares with his books and magazines, with some visits from his many friends, his two sisters, his nine nephews or his mother, with a delightful combination secretary and housekeeper and, in particular, with his much beloved solitude.

In opening the conversation, he explains that he supports this government, "because I feel that I am a part of those who demanded the advent of a military government as the only solution for the imminent entrenchment of a Marxist-Leninist regime in Chile." But he also says: "Being an advocate of a government doesn't imply the belief that everything that has been done is good, but

rather the conviction that the balance between good and bad has shown favorable results, including a comparison with the possible alternatives. It doesn't seem consistent to me to ask the Armed Forces to take over the government and then attempt to wash one's hands and relieve oneself of the responsibility that one has contracted by supporting that military intervention."

[Question] Did you think, at the time, that this "solution" would mean 16 years of military regime?

[Answer] The fact is that, at first, I think no one considered such a long duration. It seems to me that it was, rather, subsequent analyses that led to formulating an evolution of the government, which has resulted in a regime that has been quite extended in time. Now, since 1973 I have shared the conviction which many acquired, to the effect that it should be a prolonged action, aimed at transforming the country's political and socioeconomic structures in a very deepseated way; and that this would take a considerable period of time. To be sure, it might be debated whether that task could have been accomplished in less than 16 years; but in any event it would have been impossible to achieve in 2 or 3 years, as is the opinion of certain democratic sectors which backed 11 September but which very soon went over to the opposition.

[Question] And have those changes taken place in the manner you expected?

[Answer] I don't think that things ever occur in terms that would ideally fulfill what one would have wanted. Of course, I believe that there have been some changes in the socioeconomic area which have modernized the country in an extraordinarily positive way; but it seems to me that no one could be unaware that serious mistakes were made in the practical implementation of the free economy system. I fully agree with the bases of the system, but the policies or instruments with which this system has been carried out could be quite different. They have differed throughout this government, and I think that the various ones have brought very dissimilar results. I think that those mistakes have been exacerbated in their effects and perhaps also benefited in their occurrence by an international crisis; and I don't believe that there is a full awareness in Chile of the tragic dimensions that it has assumed.

[Question] Nevertheless, you admit that mistakes have been made in the economic management. And what you say is surprising, because those who have run the economy during a large portion of this government have been the Chicago Boys, who are very close to UDI. Didn't you realize then that mistakes were being made?

[Answer] There are two elements that I should explain. The first is that the international economic crisis has been of such magnitude that there are almost no economic leaders in any country in the world who have not made mistakes. It's almost like asking the driver of a car to drive without bumps over extremely rocky terrain. Now we, as members of UDI, don't feel that we are

associated with those mistakes, because we don't feel that we are architects of the successes that the economic team attained for a long period of time, either. We were associated with the implementation of a free economy system in Chile, but the manner in which that was put into effect as a matter of concrete reality was decided by a rather isolated technical team separated from those of us who were operating, rather, in the political realm of the government. And one of the mistakes that should not be made again is to have airtight compartmentalization in the running of a government between the economic and the political areas. But that happened in Chile; and just as it seems very unfair to us that the Chicago Boys should not be given credit for their many important successes, the fact that we point to them doesn't mean that we are associated with them nor does it deprive us of independent judgment for criticizing what has been proven as their mistakes.

The Wounds in Good Health

[Question] UDI, as an adherent of this government, upholds the groundrules currently in force. How can a political movement grow during a political recess?

[Answer] The political recess has been handled flexibly by the government over a period of time. And although a legal regulation is in effect today, it is not being implemented with the stringency of the literal wording of that legal regulation. The best evidence is that the Christian Democrats elected their new board of directors at a meeting at Punta de Tralca and, although it was not widely publicized because of the circumstances of martial law, it was an event known to the public. Hence, we have operated in terms of involving ourselves more in the reality than limiting ourselves through a regulation which I think has been superseded by circumstances. The government has acted well in not attempting to make this overly stringent, and it would act very badly if it attempted to make the situation retroactive to what might have been reasonable in the years just subsequent to 1973, but which no longer is at present.

[Question] Then why should that legal regulation continue to be in effect?

[Answer] Because the abrogation of that legal regulation means that the political parties would be legalized. And up until now the law on political parties has been hampered by a group of reasons known to everyone, which have made it impossible to legally regulate the existence of the political parties; and hence the latter are continuing to develop in a de facto system.

[Question] What has happened to the union movement in the universities? After many years, the student federations at the Catholic University and the University of Chile at Santiago are now headed by the opposition....

[Answer] There is one fact that should not be overlooked, namely, that the right of center forces have increased in the universities since 1973 or, at worst, they have remained at a relatively similar number. What has happened,

in the case of the Catholic University, is that the union movement won over three groups, but without ever procuring the absolute majority. And, understandably, when the Christian Democrats were combined with the leftist forces, they made up a winning 60 percent, which previously had been reflected in two losing slates. The situation in other universities is similar, although the numbers are changing somewhat.

[Question] Another factor might be that this "depoliticization" which the union movement proposed in the universities has not found adherents among the students.

[Answer] I think that it has been the opposite. The paradox is that, today, they have all, in fact, become unionists. Nowadays, there is no university slate that espouses overtly political principles in its proposals, in the manner that used to occur before 1973. They have become converted into unionism (or at least they have been forced to pretend this), even though they refuse to admit it. To parody the famous saying, I would remark: "The wounded that you have injured are enjoying very good health." The union-oriented thinking has penetrated so deeply that sectors which have traditionally claimed to despise unionism have been forced or impelled to adopt unionist positions, repudiating the partisan manipulation of these union organizations.

[Question] Nevertheless, the heads of the FECH [Student Federation of Chile] and FEUC [Federation of Catholic University Students] have overtly stated their political option....

[Answer] There is nothing to prevent union leaders of any type from having a political option as citizens. The important thing is that they should not endorse that political option for an organization whose purpose is not political. I obviously have no naive view on this and I think that many of the present student leaders are attempting to politically manipulate their union organizations and seeking the time and the way for doing so in the most effective way that is possible for them. But I am certain that they find themselves constrained by one objective reality, namely, the fact that the great mass of students does not want politicization and, therefore, in the event that they observe it happening, they will tend to reject that phenomenon. That is why they are operating with tactical circumspection.

The Country Is Shifting to the Right

Jaime Guzman, seated under the lukewarmness of the winter sun, continues: "This is similar to what some claim, to the effect that, after 12 years of military government, there is a return to the perpetual same three thirds. And that is a serious mistake, because although there may be three thirds, they are not the same. They have changed their positions substantially, dissociating themselves, either by conviction or because of tactical necessity, from the leftist socializing trend which marked the positions prior to 1973. Today, with the exception of MDP [Popular Democratic Movement], all the movements are declaring that they are advocates of Western democracy, despite the fact that, before 1973, the entire Chilean left was discrediting it, calling it bourgeois. And somewhat the same thing has happened in the case of the economy.

[Question] Is this a "wound in good health" that this government has left us?

[Answer] Precisely. That is my optimistic view of everything that is happening and is out of the ordinary. Before 1973, sectors categorized as right wing were proposing the idea of requiring by law the so-called integrated enterprise, wherein capital and labor were mixed. Today, neither the Christian Democrats nor the radical or Social Democratic sectors are proposing anything of the kind. This is a concrete example of how the country's thinking has moved from Socialist tendencies toward those usually described as right or right of center. And I am very happy about that evolution....

[Question] I can imagine. Now let's talk about this country. How do you view it today?

[Answer] Confused. I don't think that there is sufficient clarity regarding the course of action that should be pursued among practically any of the political sectors. And the country is expecting and demanding a clearcut, deepseated, renewing proposal, which UDI is bent upon creating, to help shed light on that task, together with the contribution of each person from his perspective.

[Question] We have just ended a 7-month period of martial law, which presumably should serve for reflection. Do you observe any degree of reflection among the political leaders and the citizenry as a whole?

[Answer] The citizens issued a verdict of categorical repudiation for the conduct that the bulk of the traditional political leaders had during the 1983-84 period of openness.

[Question] In what respect have you noticed that repudiation?

[Answer] In the widespread judgment that one hears among ordinary citizens of the lack of renewal in both ideas and individuals, of the petty, despicable rivalries and of the quarrels among groups. I also notice it in rather objective facts, such as the lack of response obtained by the opposition to its appeals for the country's mobilization through protests and town councils. Except for the first one, the only thing that the protests mobilized was crime and vandalism. And in the town councils, absolutely no one was mobilized. That revealed the lack of appeal of those sectors.

I see among the right of center groups more auspicious signs of a renewal and a unifying convergence; but I also think that we must progress a great deal more to bring that reality clearly into the public's view with sufficient intensity and clarity. We are engaged in that task.

The Transition

[Question] The Constitution of 1980 stipulates that the period from 1980 to 1989 is one of "political transition." Do you, who participated in the

preparation of this Constitution, think that the sort of "transition" that we are undergoing is what you had in mind?

[Answer] The Ortuzar Commission; of which I was a member, did not take part in the preparation of the temporary regulations in the Constitution, but only in that of the permanent provisions. The transition period was not assigned to us.

I have always regretted that Jorge Alessandri's plan in this regard was not accepted, because I think that if this had happened, much of the Constitution's machinery could have been set in motion; which has not occurred.

Noting that limiting factor, we have been constantly giving an impetus for the transition process to take place as intensively as possible, even in the temporary constitutional framework that is in effect which, although not ideal, would allow and is allowing for much substantive progress in achieving an orderly, peaceful passage toward full democracy; and, in particular, ensuring that this future democracy will be adapted to the Constitution's permanent provisions which, in my view, represent the only viable option for an efficient, stable democracy in Chile.

[Question] We are in the midst of the "transition" period, but one sees little transition....

[Answer] One sees some transition, but not what is either sufficient or necessary. I attach enormous value to the legislative plan recently sponsored by Minister Garcia, on which work is being done by the Fernandez Commission on which I serve. That initiative is one of the most important taken to dynamize the transition process; but I start from the premise that the government cannot consider this sufficient as a complete policy plan for transition, and that the authorities will now devote their efforts to the manner in which it is to be delineated for the period 1985-89; so that we may actually achieve full enforcement of the Constitution in one evolution, and not with a leap into the void.

[Question] The government is lagging slightly....

[Answer] In my view, the process is lagging, but I would not blame the government alone for that lag. This has been affected largely by the failure of the political openness, and for that I blame both the erroneous way in which it was conceived by the ministerial authority at the time and the even worse response that it received from the opposition sectors.

UDI, while continuing to urge the government to assume its own role in the transition completely, believes that its obligation also consists of devising a realistic and renewing course of action to be offered to the country as our own contribution. We cannot confine ourselves to choosing between what the government apparatus offers, on the one hand, and what the opposition offers, on the other. Our steadfast loyalty to the Armed Forces regime does not prevent us (rather it demands this of us) from assuming our own profile as a political

movement. And I think that this is what increasing sectors of the citizenry are beginning to appreciate in UDI, as an alternative for the future which, transcending a path for transition, will project itself as a solid, modern, political force for the period following the government.

[Question] Could it be time to initiate a new openness?

[Answer] I consider it difficult to attempt to revise a formula that has already failed, since the opposition leaders have again reaffirmed, subsequent to the lifting of martial law, a clearly disruptive position regarding the institutionality that is in effect. The government must approach the transition problem based on the premise that it will not have available the effective, constructive assistance of the bulk of the political opposition.

[Question] And how can a transition be carried out without the opposition's participation?

[Answer] To my way of thinking, it is not a matter of achieving it without the opposition's participation, but rather of determining a plan that will not depend on the opposition's rendering its support for its success. And the secret to this lies in having that plan acquire the backing of the great majority of moderate citizens in the country, and the political opposition find itself thereby diminished for lack of harmony.

[Question] How can the government achieve such a thing?

[Answer] There would be many methods. UDI has suggested several publicly, and will continue to propose those which appear to be more suitable depending on each period. But, in my judgment, the essential thing is a matter of attitude. The basic factor is for the government to inspire confidence that it will be capable of ending up peacefully in 1989 with an effective, stable democracy. To achieve this, obviously the most urgently needed action is to restore the security of individuals, threatened both by terrorism and subversion and by opposing groups which, in combating them, have committed acts that are ethically and politically intolerable, and which seemed to be acting dissociated from any responsible authority. This seems to me to be what is most urgently needed to clear up the civic environment of our coexistence.

On that basis, I think that any method for invigorating the transition entails the government's transferring certain spaces or forms of power that it holds now, whether to legal institutions or to social levels, which would thereby find themselves strengthened and which would lend shape to the depersonalized system imposed by the full enforcement of the Constitution of 1980. The key lies in this requirement that the government continue to transfer and share the power gradually, starting now. In other words, that the Constitution be implemented henceforth, to the greatest extent possible.

[Question] Couldn't this standstill on the part of the government prove that those who think that what the regime actually wants is to remain in power until after 1989 are correct?

[Answer] It is not fair to make that judgment yet, because we are still experiencing the disastrous effects left by the failure of the 1983-84 political openness. But it is obvious that, if the political progress were to freeze until 1989, without sufficiently dynamic and creative advancement on the government's part, that judgment could assume far more validity. And that is a hypothesis which I could not accredit, because the oath of honor of the president, the Junta and all the members of the Armed Forces of Chile is staked on the fulfillment of the Constitution.

Reconciliation

[Question] How do you view the role of the Catholic Church, which recently issued an appeal for reconciliation?

[Answer] Any appeal aimed at pacifying spirits and harmonizing coexistence is incumbent on the Church. And, in this connection, I think that the spirit inspiring most of the bishops is unquestionably one with the loftiest ethical and pastoral value. There is, nevertheless, the risk that terms such as reconciliation have been assuming a certain amount of ambiguity, which hampers the soundest objectives of those promoting them. Obviously, in the human realm, it is both necessary and possible for all people to become reconciled. But in the political configuration of a country, there can be no possible reconciliation between those who aspire to a Marxist-Leninist model of society, the symbol of which is the Soviet Union or Cuba, and those who, conversely, aspire to a type of Western democracy based on the values of the spiritual dignity of the individual and everything represented by Christian civilization.

It is very important not to be confused about this, because in mixing the human realm with the political, one could succumb to very upsetting distortions that would deprive this initiative of practical viability.

[Question] Do you consider this appeal to be for a political reconciliation or for a human reconciliation among Chileans?

[Answer] I think that the bishops are calling for a human reconciliation among Chileans, which is possible to achieve extensively without establishing any barrier of an ideological or doctrinal type. But it would be very easy for the dynamics of the term reconciliation to lead toward a political dimension, which is also valid, among those who share the notion of respect for the dignity of the individual and a type of society in keeping with the Chilean tradition, but not in the case of the totalitarians.

As UDI proposed in August of last year, a concrete step toward this human reconciliation would be the final ending of the exile problem. On the other hand, I am also in favor, together with such a measure, of having the Constitutional Court required to apply Article 8 of the Constitution to all those responsible for the Marxist-Leninist totalitarian proselytizing activism or violence, bringing about the suspension of their political rights for the period stipulated in the constitutional charter. Then a completely distinguishable situation would occur: There would be restored for those leaders the right to live in

their native land (as a step toward reconciliation), without this implying their access to political rights; because the latter cannot be claimed by those who only want to use them for the deliberate purpose of abolishing them completely and irreversibly if they attain power.

[Question] You are a Catholic person, who believes in the faith of love, and you have participated in a government which has been criticized for having committed excesses in the area of human rights. What is your position in this regard? Does it create any conflict for you?

[Answer] Unfortunately, it is not an answer that can be given in its entirety within the context of an interview, because it involves precisely one of the most complex problems, concerning which major simplifications have been incurred on the one hand, and willing blindness on the other.

By definition, I am opposed to any excess in the area of human rights, whether it come from Marxist terrorism or from going to extremes in combating the latter; and I don't justify any that has occurred. I am opposed out of ethical definition. However, I think that a distinction must be made, with respect to those excesses, between some for which the Popular Unity government was responsible, because they were the inevitable, though not justifiable result of the aftermath of the civil war that the Marxists instigated in Chile between 1970 and 1973, and others which, on the other hand, were excesses or abuses committed later, which obviously went beyond that aftermath. I also think that the problem must be analyzed viewing the tendencies: in fact, the problem of the missing persons, which became critical at one time and which managed to divert the government from its fundamental principles, was surmounted after the dissolution of the DINA [National Intelligence Directorate] and the action taken by Sergio Fernandez in the Ministry of Interior, during a period of clearly positive progress. Later, the process had vicissitudes with respect to the tendency, and I am particularly concerned that special stress be placed again on surmounting the problems that are currently agitating the national conscience in this respect.

I have a very easy conscience of having always tried to cooperate, with a grain of sand, in preventing those excesses from having been or being committed, or in mitigating their grievous consequences. I also have the moral equanimity of having been constantly concerned over the issue, advocating an improvement in the tendency, unlike many who were pretending not to notice the problem during the time of the economic prosperity, when purses were more filled, under circumstances wherein they never, not even privately, expressed any real concern for the matter. And when I would bring it up, they claimed that this was a secondary concern in comparison with the successful direction that the country was taking. For this reason, I feel that I am as much as a defender of human rights as many who boast of being such, or more so; and I have evidence of this which would surprise more than one person.

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CIEPLAN PRESIDENT ON ECONOMIC, POLITICAL CRISIS

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[Interview with Alejandro Foxley, president of CIEPLAN, by Raquel Correa; date, time and place not given; passages enclosed in slantlines printed in boldface]

[Text] Amid so much strife and antagonism, his message sounds a bit illusory--at times--too angelical. Because his is a call for hope. It is a profoundly critical, dramatic and urgent call.

He is one of the new men who have emerged from the shadows of the last few years, an economist with the makings of a politician. Many can imagine him at the forefront of decision-making in the future.

Alejandro Foxley (45, married to teacher Gisela Tapia, two children) says that he is willing to "make any sacrifice" to contribute to the search for unity, and he does so as president of the Economic Research Corporation for Latin America (CIEPLAN) by giving lectures, attending forums and publishing books.

A civil engineer with a doctorate in economics from the University of Wisconsin, he is the only Chilean professor on the faculty at the University of /Notre Dame/ in the United States (where he goes for 1 month each semester to teach courses in international development). He is also the only Latin American member of the Executive Committee of the /International Economic Association,/ headquartered in Paris. His resume also includes stints as visiting professor at the Universities of California, Oxford, Sussex and MIT (Economics Department). In addition, he has written nine books (the latest: "Para una Democracia Estable" [Towards a Stable Democracy], which came out this week) and countless articles.

He does not want to talk about his degrees and titles now, however; only about Chile. "With a view to the future," he says. And he says it so seriously that one hangs on his every word, almost unable to ask questions.

Crisis of Consensus

[Question] Why did the economist turn politician?

[Answer] I am a member of a generation that has witnessed very profound changes in this country; we saw an enormous amount of suffering and many destructive processes. There comes a time when one must ask how one can make sense out of life, so that one may contribute to changing these things . . . As an economist, one is confronted with a situation one wants to understand, and to achieve this, it is necessary to go beyond economics, especially if one wants to make a contribution to the future.

Foxley feels that Chile's great task is "to go back to what the country always was: the great nation of democracy, where people got along in a civilized manner, and where Chileans were gradually improving their standard of living, although perhaps without spectacular economic feats."

[Question] What do you think would have happened in Chilean politics if the economic crisis had not come along?

[Answer] What I do know is that when the economic model failed, the country was cast adrift in both economics and politics. One has the impression that there is no plan for the future, which reflects a somewhat widespread crisis that covers many spheres.

Foxley frequently pretends to misunderstand questions and develops his own ideas. He has several handwritten pages on his desk and continually consults them--like a "crib sheet"--with formulas, figures, and key words.

"In fact," he goes on, "this crisis did not begin with the failure of the economic model. Nor did it begin in 1973. This crisis was incubating in Chile for a long time, and its origins lie in the political sphere. During the 1960s, Chile was one of the most advanced democracies in the world, as an American researcher has shown in a study that covers 123 countries. In 1965, Chile was in the top 10 percent on the democracy scale.

[Question] And what happened?

[Answer] The Chilean political system, which had been very democratic, became polarized gradually. According to other studies, in the early 1970s Chile was among the most polarized countries in the world.

[Question] And among the most politicized, too?

[Answer] Yes. The only comparable cases are those of the Spanish Republic, which ended with the Franco dictatorship; the Fourth Republic in France, which led to the authoritarian government of De Gaulle; the Weimar Republic in Germany, which ended with the Hitler regime . . . What happened in Chile was a /crisis of fundamental consensus./ Different currents of thought developed plans for Chilean society that were intended to solve all problems with an approach that excluded all other social groups. That differentiation, and the competitive spirit among them, made them lose sight sometimes of the country's real problems and its real people.

Chilean Disease

[Question] Do you agree with those who contend that Chilean democracy was bankrupt?

[Answer] No. I do not believe it was bankrupt, but I do believe it was developing trends that made peaceful coexistence very difficult. These all-encompassing ideological plans reached the point that anyone who did not participate in a plan felt threatened by it. For example, some plans proposed massive expropriations of the means of production, which was rejected by one sector. The Chilean political system was contaminated by a feeling of intimidation and insecurity because of these all-encompassing plans. Then we began to see that tremendous divisiveness that I would say was the Chilean disease of the late 1960s and early 1970s, an illness that had been developing for a very long time before that. According to Gonzalo Vial, the origins of this crisis date back to the end of the last century. He calls it /the crisis of oligarchic domination/: the crisis of a consensus that grew up around the Chilean upper class. Afterwards, a consensus among the middle-class groups was attempted--the Radical governments--but by the end of the 1950s, the country was entering a new stage, and the polarization of politics had a lot to do with the crisis.

[Question] So what happened in Chile was foreseeable, not an accident?

[Answer] I think that anything can be prevented. Looking back, we see that the rigidity of the different political forces in their approach to the confrontation, and the fact that we were all used to thinking that democracy was something that would last forever, made people ignore the possibility that the political system could be thrown into the crisis that in fact occurred in 1973.

"High Risk"

[Question] Looking to the future, are there signs that these all-encompassing plans and the polarization will have disappeared? Or, on the contrary, have they grown even larger during this stage?

[Answer] Some elements in this government's policy-making apparatus have a tendency to accentuate the divisions in Chile. In the economic aspect, for example, the differences have been sharply exacerbated; enormous social problems have been created. The country now has a mass of more than 3 million people who are excluded from the economy, and for the first time, the problem of deprivation is affecting not just the low-income classes, but also the middle classes. Of the 130,000 families that live together in Santiago, 40 percent are identified as middle class. There are very serious problems among the youth: Today we have some 300,000 young people out of work in Chile, and 75 percent of all young people who have set up housekeeping, in the low-income sectors, live with relatives.

The social situation is extraordinarily difficult. . . . There is no need to go into details about the economic situation. The country has had a zero growth rate in the Gross Geographic Product between 1974 and 1985; the investment

rate has plummeted by 30 percent; the unemployment rate is three times the historical level.

[Question] Chile is not the only country suffering from the economic crisis, and government sources say it is over now . . .

[Answer] Unfortunately, the crisis is not over for Chile. According to projections made by a foreign bank, by 1990 the Chilean economy will just be recovering the GGP level it had 20 years ago. According to that same study, Chile is becoming what is known as a "high-risk country," because its foreign debt is three times the value of its exports. If we add the terms of the agreement with the International Monetary Fund (IMF), our concern is even greater. These signed agreements mean that the Chilean economy will face recessionary conditions for the rest of this year, and a good part of next year and the year after that. The reason is that they require the government to cut the budget deficit from 3 percent this year to 0 percent in 1987, and they propose restrictive fiscal and monetary policies and a wage policy prohibiting any real raises.

Long-term View

[Question] Where is there any room for hope?

[Answer] This is a very severe crisis, worse than that of other Latin American countries. But I do not want to dwell on the crisis or its origins. I think that, in spite of everything, in the long run this crisis presents an opportunity to the country. When a country hits bottom—as Chile has in recent years—there is nothing to do but deal with the fundamental problems that must be solved.

And since the economic problem is not differentiated from the political problem, this crisis provides an opportunity for the principal protagonists in the Chilean experience—management and labor—to realize that if we do not work together, the country will not survive.

[Question] Is it possible to move from authoritarianism to democracy with this crisis weighing us down? What are Chile's chances for achieving a truly stable democracy?

[Answer] When countries reach the end of their rope, national disintegration begins. Coexistence becomes impossible and violence prevails, as is happening in some Central American countries. Alternatively, people can regain their common sense and express a willingness to try a new approach to living together and organizing the economy.

[Question] We need new political approaches . . .

[Answer] On the surface, that is true. This is because of the tremendous difficulty we have had—for 12 years, under a repressive political system—in carrying out a wide-ranging dialogue on the country's problems and its future. In addition, however, during these 12 years we have undergone a serious and profound reflection about Chile's problems. There are many groups that have

been doing this in Chile, in a wide variety of academic fields, and the country will be able to use this support. I see a very significant renewal in the intellectual sector, which in the past participated quite actively in the politicization. Now, however, it is taking a long look at what has happened in the country, and is using serious scientific criteria.

Fundamental Renewal

Political leaders made positive proposals, but in general, they dealt only with the most pressing problems: how to return the country to democracy. But the country will be more willing to return to democracy if it has a clearer idea of what will happen after the change of government.

[Question] Do you see clear alternatives?

[Answer] Of course. The issue of renewal is the key. There is a certain fixation on the past in Chile, and people fear change because they believe that change means returning to the past. For example, there are rightists who are obsessed with the problem of property ownership, because during the Popular Unity government there was an expropriation program in both the rural and industrial sectors.

[Question] And now that fear is not justified?

[Answer] Agrarian reform is *passe*. It was carried out to do away with the *latifundio* system.

Before that process, 55 percent of irrigated lands were in holdings of more than 80 hectares. Today no more than 3 percent of irrigated lands are in holdings of more than 80 hectares. The *latifundio* system has died in Chile, and the agrarian problem of the future will not be expropriation but the use of all available resources in the rural sector to feed the population and obtain the foreign exchange the country needs. This entails modernizing agriculture to increase productivity.

[Question] There is also fear of political chaos, of disorder in the country. Is that problem also *passe*?

[Answer] The fear of political chaos is based on the fear that the confrontational and antagonistic politics that existed in the past will be revived, along with the all-encompassing plans that posed a threat to the rest of the country. And here lies the key to this issue: The country must reestablish its fundamental agreements, achieve a basic consensus.

Foundation for Consensus

[Question] Nearly everyone talks of agreement and consensus. On what foundation, in your opinion, should that consensus be built?

[Answer] First of all, on the agreement that we will move toward democracy. This means respecting the individual rights of /all/ people. And when I say rights, I am not referring just to the right not to be repressed arbitrarily;

but to the right to live in peace and tranquility, with a modicum of security. Also the right of workers to express their opinions on decisions that affect them, on an equal footing with management. The right to a job, to decent living conditions, to establish trade union organizations that are capable of enforcing the workers' rights. In this national agreement, we /all/ must agree to respect the rights of /all./

The second foundation of the consensus is to overcome mutual threats. The system must produce certain rules of equity that involve agreements on what may not be done, which will have a substantial impact on other sectors. There must be respect for private property, on the one hand—I think no one in Chile is thinking of radical changes at this point—and respect for the workers' rights, on the other hand. Agreements regarding the employment problem and the generation of foreign exchange in order to reactivate the country. Instead of the fear that the all-encompassing and exclusive plans will be revived, the view to the future must involve the formulation of a national plan that incorporates the aspirations and desires and interests of the broadest possible sector of the population. Instead of seeking confrontation, we must seek certain common tasks that can be shared and that are not antagonistic. For example, I think the entire nation would agree that we must join together to cope with the problem of unemployment and that of the foreign debt . . .

[Question] Do you think there is a willingness in this country to achieve this consensus?

[Answer] I think there is a very large reserve of good will among the people.

[Question] But to deal with problems like unemployment and the debt, we need resources.

[Answer] Yes, but before we talk about resources, there is a problem of approach. We must renew our approaches. In the past, people would argue about who should solve these problems of unemployment and sources of foreign exchange: private enterprise, or the public sector; through the market, or through planned mechanisms. I think that we must come up with a new way to face these problems. If we look at the experience of other countries that have had success in contemporary economic development—such as Japan—we see that to solve problems of this nature it is necessary to concentrate the country's talent and resources. Chile's principal resource is the intelligence of its professionals and skilled workers, and a latent entrepreneurial capacity (which was diverted toward financial activity) that could be recovered with a productive effort. And that effort has to be coordinated by someone.

[Question] Who?

[Answer] As in the success stories of Asia and Europe, the state must do the coordinating. And instead of the /state versus planning/ controversy, the state, the private sector, and worker organizations must work together in a common effort to eradicate unemployment and make this economy competitive on

international markets. For that purpose, creativity is necessary; the Japanese have discovered that creativity emerges from the productive base, and that the success of a business depends on a creative contribution from the workers.

Two Possible Histories. . .

[Question] What you say sounds wonderful, but unrealistic. With partisan divisions comes polarization . . .

[Answer] There are polarization and radicalization on the surface, but deeper down, people have a profound desire to change this situation. People want the political regime to change so that they can live in democracy, but they also want tranquility. People's fundamental demand is for personal and family security, which has been threatened both by the repression and by the extraordinarily difficult economic circumstances. People want their rights to be respected. They want to live in peace and harmony. I think that there is a great repudiation for aggression and a tremendous repugnance for violence. People yearn for a tranquil life, in which their beliefs can be satisfied, even if gradually, and the country can achieve its potential. There are maturity and moderation, and a country that wants to express itself constructively and is not allowed to express itself . . . I am profoundly optimistic about the country's future. I think that the key lies in tapping in to people's deepest aspirations and then reflecting on what must be done in the future, and then reflecting on the technical, economic solutions.

That is really close to my heart. We researchers at CIEPLAN are touring the country and talking to a lot of people: to settlers, merchants, businessmen, churchmen. What I see is a completely salvageable country, a vast reserve of good will among the people.

[Question] Others, however, believe that there is so much strife, hatred and silence in the country . . .

[Answer] The most negative predictions can be made, painting the worst of scenarios. There are two possible histories. One is that of an authoritarian system that stays in power too long, that gains a firm grip on the means to control and repress the population, that does not begin the transition process and therefore allows the pressure to build up until an explosion takes place. But I see a scenario in which the government officials realize that they must give the country an outlet; that the sooner they do so the more likely it is that, after such a long and painful experience, we will really begin to build a country on a foundation of better coexistence than in the past. If we had the necessary political leadership to make this process possible, I would be extremely optimistic about Chile's future.

[Question] Before that, a transition will be necessary. And that open spirit that you have perceived in the people is not apparent in the leaders of the opposition . . .

[Answer] There is a problem of credibility, of confidence. If the average Chilean is asked whether he believes that the government really wants to begin a transition and bring about a change toward a real democracy, a great many

Chileans will say they do not believe so. That makes a change in the agreements impossible. For this reason, the opposition has been saying that first a very broad agreement must be reached among the civilian sectors, an agreement that would include a discussion not only of laws and constitutional provisions, but also of what will come next in economic and social terms. The Chilean plan.

[Question] This agreement among civilian sectors has not yet come about.

[Answer] It is happening. And there have been major advances in the last year, although not enough. In addition, the military has not yet shown that it fully understands the enormous crisis that has developed in this country, or the need for a constructive solution. The agreement among civilian sectors is one of the elements necessary to negotiate with the military to find a solution to the current situation and to establish a democracy. To reach that point, it is also necessary for all social organizations to express their opinions. There must be a true social mobilization for democracy, as profound, strong and powerful as possible.

[Question] Are you referring to protests, again . . . ?

[Answer] Any kind of non-violent measure that would put pressure on the authorities to change the current conditions. I am very skeptical that the changes the country wants can be produced without a social mobilization.

[Question] Changes in the itinerary that has been planned?

[Answer] I have an enormous sense of the urgency of the country's problems. The economic crisis is plain to see, and the ability of our people to live together in harmony is being tested to the limit. The situation is becoming very explosive. This country is socially disintegrated. There is also the problem of youths: an entire generation that is beginning adult life in the face of closed doors. Building bridges to that other country, to improve their living conditions, to support low-income families, to provide opportunities for youths, is a task of solidarity. The greatest crime we Chileans have committed is that we allowed this to happen! We are a generation in debt because we were unable to prevent all the destruction that this country has suffered. But I do not want anyone to be able to say that we condemned our children to a fate without a future. We must open the way, at whatever cost, to build a unified country that cares about the poorest and the youngest . . .

"Building a democracy," he concludes, his blue eyes filled with tears, "is a moral problem. A problem of values, of solidarity with the have-nots. A country is built when there is full participation in society. There is no reason why that has to be the slogan of the left; it should be the slogan of all of us!"

8926

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CHILE

SPECIALISTS EXAMINE IMPACT OF NEW ECONOMIC POLICY

Santiago ESTRATEGIA in Spanish 8 Jul 85 pp 12-13

[Joint interview with economic adviser Ricardo Silva, engineer Efrain Friedmann, economist Jorge Desormeaux and economist Jose Pablo Arellano; date and location not specified]

[Test] ESTRATEGIA: What is your interpretation of the Chilean Government's agreement with the foreign creditor banks and the granting of state backing for the private debt?

Silva: During the past 2 years, our economy has been very dependent on its relations with the rest of the world insofar as financing is concerned. With this agreement, the bounds have been set for what the financing of the foreign account will be during the next 2 years. And this seems to me to be particularly advantageous, because we won't be fighting for financing every first quarter of each year, and it will be possible to project more clearly the economic scenario and the action of the economic policy. Moreover, the agreement means that adjustments will not be required by way of reductions in spending beyond what the program guarantees as being financed. Nor will sizable exchange adjustments be needed, unless something too troublesome occurs during the year, such as possible unexpected rises or falls in the price of copper and the international interest rate.

With respect to the conditions and given our smaller foreign debt compared with that of other countries, it gives us less negotiating power, and the interest rates are satisfactory, even though they are no better than those obtained by other countries.

As for the state backing, I would like to stress that it is not unrestricted backing, but rather a guarantee that is, furthermore, conditioned by and geared to the reality that is being confronted by all us countries with a debt crisis.

Desormeaux: Having an agreement is something favorable in itself. There has been a great deal of concern over the progress of the negotiations, and we must consider the fact that much of our commercial line expires in a few days and, if the talks were not concluded, we would have reached a rather

delicate situation. The conditions achieved seem to me to be quite satisfactory and they lie within the scope of what was possible to attain. I think that it was imperative to sign the agreement within the deadline and thereby avoid situations such as those of Peru and Bolivia, countries which attempted to "stretch the rope" in terms of the negotiating deadlines and which are now facing serious problems with foreign payments.

I believe that the Chilean negotiators negotiated very hard and very forcefully on issues wherein the fact that things did not go well for us was due to the banks' relative strength. I don't think that there were many alternatives in the problem of the backing. The power of the banks is very great, so great that they convinced the State Department to allow the World Bank to serve as a backer for some of the loans of the foreign private banks. The longer periods of payment, terms and grace periods agreed upon in the program are especially important for a country like Chile, which will have to restructure its economy greatly in order to pay the debt which, under the present conditions (everyone knows this) is impossible to pay.

In my judgment, what is important about this agreement is that, while the economy has no time, has no reserves, has no oil and needs the banks to provide funds very quickly, the program has been finally signed under quite satisfactory terms. As for the state backing, the commissions that the banks must pay to procure it seem to me to be merely an honorable solution.

Arellano: What should concern us about this agreement is the amount of fresh funds procured. It had been said that the financing this year would require \$1.056 billion. What we have now for 2 years is \$1.085 billion from the foreign banks plus some additional funds. These funds are meager. Furthermore, the \$1.056 billion originally thought was based on a supposed commercial surplus that is not going to be accrued. All this may possibly prompt one to question the viability of the 1985 macroeconomic program.

If the financing accrued is distributed so as to fulfill this year's goals, the only thing that has been accomplished is to transfer a more serious problem to next year. The specific savings obtained in the negotiations by no means offset the imbalance in numbers that I have cited. Moreover, the terms procured in the agreement don't seem as favorable to me as it has been attempted to announce. Here, the same model has been applied as in other countries and, ultimately, what should be stressed and regretted is that the country has procured fewer fresh funds than those it must pay in interest; a phenomenon which, generally speaking, has not occurred with other Latin American countries. So, there occurs the contradiction that the country, requiring new funds for its development, appears to be exporting capital.

The matter of the backing seems regrettable to me. What has been procured in return is something merely symbolic and, furthermore, through it internal financing is being granted for activities which are clearly inviable.

Friedmann: I believe that the country has obtained terms quite similar to those procured by other debtor nations and that, in general, they reflect a rather

obvious intention among the creditor banks: of granting financing such that it will avoid a moratorium on the payments from the indebted economies. The special concessions that the country obtained, which are associated essentially with the World Bank's favorable disposition, should be interpreted as much as an acknowledgment of the major difficulties and requirements of structural adjustment as a perception of suitable internal economic management. I think that the World Bank has realized the need for our economy to be directed strongly toward exports; and, therefore, it even granted a rather unusual loan of \$150 million for financing adjustment of the exporting companies.

Insofar as the backing is concerned, I think that we are faced with a de facto situation which, at this point, it is difficult (if not impossible) to avoid. The relative strength of both positions is quite imbalanced, and the country was clearly the weak party in the negotiations. I say at this point because the problem of backing dates back to times in which there was too much liberalization without the slightest planning for the entry of foreign funds; under the supposition that those who accepted the debts would be answerable for them. That was the initial mistake, and we must learn the most important lesson from this.

The Economic Measures

ESTRATEGIA: On Friday, 28 June, the economic authorities announced a "package" of measures. What significance and impact do you attribute to these measures? Are they geared to the country's requirements?

Silva: The measures are heading in the proper direction. Although devaluation alone is not a sufficient requisite for achieving greater returns from exports, the "package" contains other provisions aimed at forming a context that will clearly give an incentive to the exporting sector. Besides, the magnitude or significance of the measures is something quite difficult to determine, because they might prove sufficient or insufficient, depending on the evaluation of variables which we do not control.

In the case of the exchange modification, for example, it would be rash to give assurance of whether it is of the proper magnitude or not. Right now, some claim that the exchange rate is too high and that this would mean giving mistaken signals to real and potential exporters. Nevertheless, it could also be said that the dollar must keep rising in the future. In short, I think that, on the basis of the data known at present, the measures are balanced; and the judgment of the suitability of their magnitude is a matter on which there will be empirical confirmation later on. The important thing is that the signals given by the authorities are consistent with the need for strong promotion of exports.

Desormeaux: I consider the measures highly significant, because they are essentially aimed at reducing the so-called "anti-exporting bias," that is present in the Chilean economy. In any event, I believe that a great deal of progress must still be made in the area of exports. For example, considering

the exporting success of Asian economies, wherein they have achieved a system based on strict economic rationality which eliminates the relative disadvantages of this sector compared with the others, I think that in our case the direction of the measures is suitable.

In any case, it is my view that a great deal still remains to be done in the area of promoting exports. Of course, we must consider the fact that major additional investments will be required, because at present work is being done at full capacity.

Arellano: In my opinion, the measures are considerably less significant than the renegotiations, at least over the short term. I don't think that the funds which were not procured by renegotiating the foreign debt will be procured or generated through these measures. The tariff modification concerns me particularly, inasmuch as a mistaken sign is being given to those substituting for imports; a sector which, over the short term and under the present circumstances, has a greater capacity for response than the exporting sector has.

"Wholesale" measures such as these benefit exporters who are operating to perfection. The efforts should be aimed at the marginal exports. Similarly, we should not neglect the status of imports which, in the case of agriculture, are showing results that should never have been allowed to be procured. For this reason, I understand and share the concern of those who are replacing imports regarding the tariff signal from the authorities.

Friedmann: I believe that the measures are heading in the right direction. However, I agree with Jose Pablo that we must attack in a balanced manner the promotion of exports with the substitution of imports. For various reasons, there is in the country a great capacity for replacing imports and, of course, this cannot be wasted. I believe that substituting for imports is important, mainly because of factors relating to social stability, the use of specific geographical areas and other factors which go beyond what is strictly economic.

The Prospects

ESTRATEGIA: In the light of the new economic scenario, what are the short and medium term prospects?

Arellano: I think that, over the short term, the economy will remain stagnant and there may even be a decline in activity this year, in view of the capacity for making imports. The shortage of external funds will continue to weigh heavily during the next few years, and the economy's investment capacity and the potential for generating new productive jobs will be at stake. The strangulation of external funds will mark the tone of the economic activity. If the country's funds are being used to pay the interest on the debt, we can hardly expect increments to occur in the production capacity.

Silva: We are not so pessimistic in that respect. As for the coming years, the macroeconomic program stipulates a growth rate fluctuating between 3 and

5 percent, depending on the external financing. If there is a change in the structure of the financing, rather than in the volume, it may be expected that this rate would be confirmed. With regard to unemployment, we believe that, this year, it will be at the levels estimated more or less at the beginning of the year; in other words, about 13 percent.

Desormeaux: My impression is that, if the growth in the product for the first half is retained, we might perhaps reach a growth of between 0 and 1 percent for the year. If any respite is obtained, it could come from the area of monetary policy, and the restricted level of liquidity in the economy now could be raised. Over the medium term, I think that the relief will have to come from outside, specifically, through a reduction in the American fiscal deficit; because it appears rather unlikely that the aggregate demand could expand at sizable rates, inasmuch as the country has to pay the interest on the debt. It might be expected that, by mid-1986, the foreign markets and world trade may reflect that correction in the American fiscal deficit. Then a major relief for our economy might begin to occur.

Friedmann: I think that there is a consensus that the growth this year will be virtually nil, and that it will be rather moderate over the medium term. In my judgment, the "bottleneck" mentioned here, involving investment and foreign funds, can and should be dealt with through specific projects financed with fresh external funds which have nothing to do with problems of overall renegotiation of the debt. There has been some very enlightening experience in this respect. I believe that this possibility is one of the few that the country has enabling it to make investments that would not have to be accompanied by additional adjustments.

2909

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CHILE

GOVERNMENT'S AUSTERITY MEASURES IMPROVE ECONOMIC PICTURE

Santiago EL MERCURIO in Spanish 9 Jul 85 p A-3

[Text] The results of the first quarter of the current fiscal year were fully satisfactory, according to a brief news item published in the press a few days ago.

A deficit of a little more than 1 percent of the gross national product reveals the care with which the authorities are managing fiscal resources, and marks a break in the dangerous tendency observed during a large part of 1984. That tendency culminated at the end of the year with a frankly alarming quarterly deficit. Correcting that excess of expenses over income is part of the adjustment system to which the economic authorities appointed at the beginning of the year are committed. Their ultimate objective is to place the economy on solid bases that will allow healthy and sustained growth.

These periods of adjustment are unwelcome because they are characterized by the application of restrictive measures that mean sacrifices that are not always well received by the population. The authorities who find themselves obliged to apply such measures are placed in a vulnerable situation, a situation that favors campaigns intended to change the policies that have been objected to.

The good fiscal results are the result of moderate expenditures, oriented basically towards investment, and a tax policy that once again has stressed the containment of tax evasion and strict compliance with the regulations in force. Together with this, new measures have been imposed to apply proportionately heavier taxes on consumption by higher income sectors, which leads to the expectation that the tendency observed in the first quarter of the year will be maintained through the rest of the year.

The sacrifices that have been made in order to clean up government finances show up in the restriction of current public expenditures. As an example one might cite the temporary modification of the policy on readjusting pensions during the remainder of 1985, and the decision not to improve the income of public servants before the end of the year.

The intent to change the structure of expenditure, directing it basically toward investment, conforms to the idea of strengthening future growth, reducing unemployment and increasing savings. However, all these achievements

cannot be felt at once and this poses a danger for a country that is so addicted to immediate results as ours is. It could be stated that a readjustment of remuneration would be much better received in present circumstances than growth in investment, even though this would only mean improving the situation of present public servants, without creating new jobs and without increasing savings or the country's productive capacity.

In view of the above it may be affirmed that fiscal policy is developing in the proper direction. The lower deficit means smaller upward pressure on interest rates and the possibility of getting taxes back to reasonable levels, all of which is a decisive support for the development of private activity, upon which devolves the responsibility for growth in a social market economy.

12856

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CHILE

SUBURBAN GROWTH OF SANTIAGO DEPLETING ARABLE LANDS

Santiago EL MERCURIO in Spanish 9 Jul 85 page C-8

[Text] Three of the 15 communes in Greater Santiago enjoy excellent environmental conditions, according to a study by researchers Patricio Gros and Alfredo Rodriguez of the Urban Studies Institute at the Pontifical Catholic University of Chile.

These three communes are Las Condes, Santiago and Providencia, "while the rest have normal or definitely deficient conditions."

The latter are mainly concentrated in the northern and southern parts of the city and correspond to the areas where low-income groups are expanding.

This study falls within the efforts which the ECOVILLE project has proposed to undertake with universities and research centers in various Latin American countries. Its guidelines were suggested by the Institute of Environment at the University of Toronto in Canada for the pursuit of a first phase in the undertaking, having to do with urban environmental quality in Santiago de Chile.

According to the 1982 census, 81 percent of the population total is urban. This represents a substantial increase over the 72.56 percent in 1970. And, on the other hand, Santiago continues to reflect the trend toward concentration, with 32 percent of the population, although with regard to the total urban population, its importance declined from 41.44 percent in 1970 to 40.21 percent in 1982.

Urban Expansion

The increase in the population of the metropolitan area has been paralleled by a heavy demand for land in the periphery of the city and tremendous pressure on the natural environment, in large part due to the predominance of individual construction of the horizontal type, yielding an average density of about 100 inhabitants per hectare.

The area of Santiago more than quadrupled in 40 years, increasing from 6,820 hectares in 1930 to 30,949 hectares in 1970, all of this at the expense of the best farmland in the valley. Between 1955 and 1975, the city took over 20,000 hectares of irrigated land and 840 of unirrigated land, without taking the indirect effects of urbanization into account.

The table below shows the urbanization of irrigated land in Greater Santiago, with a forecast of the situation which will have developed by the end of the century, based on projected estimates.

Built-Up Area in Santiago in 1970 and 1980 and Percentage Increase in Approved Subdivision Area Between 1980 and 1982

(1) Sector geográfico	(2) Comunas incluidas	(3) Superficie construida hectáreas		(4) Incremento 70-80 hás.	(5) %	(5) Superficie subdivisión aprobada 80-82 en área de expansión	(6) % con respecto a sup. 80
		1970	1980				
Centro (7)	Santiago	4.331	4.331	0	0	—	—
Nororiente (8)	Las Condes, Providencia	4.023	4.429	406	10,1	1.818,9	41,0
Oriente (9)	La Reina, Ñuñoa	4.112	5.004	892	12,2	317,3	6,3
Suroriente (10)	La Florida (Pte. Alto)	1.616	3.194	1.578	97,6	1.733,0	54,3
Sur (11)	La Cisterna, La Granja (San Bdo.), San Miguel	7.337	9.386	1.949	27,9	1.449,4	15,4
Surponiente (12)	Maipú	2.515	2.709	194	7,8	921,7	34,0
Poniente (13)	Pudahuel, Qta. Normal	2.636	3.329	693	26,3	500,9	15,0
Nororiente (14)	Quilicura, Renca	1.183	1.665	482	40,7	519,6	31,2
Norte (15)	Conchalí	1.730	1.826	96	5,5	669,0	36,6
TOTAL		29.480	35.873	6.393	17,8	7.929,8	22,1

Source: Ministry of Housing and Urbanization, Regional Secretariat (1982-83).

Key:

- | | |
|--|---------------|
| 1. Geographic sector | 8. Northeast |
| 2. Communes included | 9. East |
| 3. Hectares of built-up area | 10. Southeast |
| 4. 70-80-hectare increase | 11. South |
| 5. Approved subdivision area (1980-1982) in expansion area | 12. Southwest |
| | 13. West |
| 6. Percentage of 1980 area | 14. Northeast |
| 7. Center | 15. North |

The figures above are very indicative in view of the fact that all of the irrigated area in Greater Santiago totals 81,385 hectares, almost all of it suitable for orchards, vegetable gardens and vineyards, but even so, farmland is a limited natural resource in the country. In addition, this land has "the greatest productive potential...in the principal domestic market area..."

Año (1)	Superficie urbana hás. (2)	Superficie riego hás. (3)
1955	18.695	62.690
1960	21.339	60.046
1965	21.678	59.707
1970	30.949	50.946
1973	36.750	44.635
1975	38.732	42.653
1980	44.165	37.220
1990	57.424	23.961
2000	74.663	6.722

Source: REVISTA AUCA, No 37, Santiago, August 1979

Key:

1. Year
2. Urban area in hectares
3. Irrigated area in hectares

5157

CSO: 3348/811

CHILE

BRIEFS

UNIVERSITY GROUPS SUPPORT TAKEOVERS--Representatives of the FECh [Student Federation of Chile] and the FEUC [Federation of Catholic University Students] demonstrated yesterday in support of the recent occupation of a secondary school in the capital, as well as a similar action at the Catholic University of Valparaiso, although one of them added that these were not related actions. The president of the FEUC, Jose Tomas Jocelyn-Holt, told EL MERCURIO that the organization he heads views the two occupations, at the A-12 Secondary School in Santiago and the Central Building at the Catholic University of Valparaiso, sympathetically. He added that "we are concerned about the aggression by the public forces against the secondary school students." He said that the FEUC held a meeting Wednesday with the student members of the Pro-FESes [Santiago Federation of Secondary Students]. "We fully understand the situation of the secondary students, who are again today demonstrating the desire to have a free and representative organization, and also their insistence on respect for their personal safety." The secretary of the board of the FECh, Jaime Andrade, said for his part that the recent student actions were not coordinated, while their seeming consistency is due to the fact that "the student movement is coming to understand its current situation." According to Andrade, "the FECh has given evidence of its desire to seek ways out of the crisis being experienced in the university, which have not always been the most radical ones. As a federation, we have drafted a proposal, but the university authorities will not listen to us. Therefore the students are seeking other ways, such as occupation and seizure, which we find legitimate." [Text] [Santiago EL MERCURIO in Spanish 12 Jul 85 p C-2] 5157

COIHAIQUE GOLD MINE PRODUCTION--The president of the Toqui mining company, Ignacio Walker, announced that production will begin tomorrow at the Santa Teresa gold deposit. The deposit is located in the province of Coihaique, near Tapera. There are 150 employees at the site, and a camp, grocery stores and workshops have been built there. There are 32 kilometers of roads, and a scrubbing and preconcentration plant has been installed. Walker indicated that the new production facilities will enable the company to increase its exports to \$25 million from both mines next year. It expects to have shipped a total of 60,000 tons of concentrates in 1985, for a value of nearly \$17 million. Walker explained that the Santa Teresa deposit, in which the company has invested \$4.2 million, comprises a series of lodes located around a mineralized fault that is more than 7 kilometers long. The company owns mineral rights to the entire deposit. At this time, he said, the veins are being surveyed by means of tunneling; more than 350 meters of tunnels have been dug so far, with optimum results. He reported that Minera Toqui recently made shipments to Japan, Korea and Spain. [Text] [Santiago EL MERCURIO in Spanish 30 Jun 85 p C-2] 8926

ASSOCIATION PRESIDENTS SELECTED--Yesterday the directorate of ASEXMA [Association of Exporters of Nontraditional Manufactured Products] unanimously appointed industrialist Roberto Fantuzzi Hernandez as its new president. He will hold this position for a year. Fantuzzi replaces Gustavo Ramdohr Vargas who left that position since he was named president of ASIMET [Association of Metallurgical Manufacturers]. The newly elected president of ASEXMA is a commercial engineer and president of Aluminios Fantuzzi S.A. He will represent ASEXMA on the council of the Industrial Development Association. It was also reported that the directorate gave him complete freedom to appoint the executive board of ASEXMA which includes a vice president, treasurer and secretary in addition to the past president. [Text] [Santiago EL MERCURIO in Spanish 5 Jul 85 p B-2] 7717

CORPORATIONS REPORT DEVALUATION LOSSES--Joint-stock companies have begun to report to the Securities and Exchange Superintendency and to the Stock Exchange that the recent devaluation of the peso and the abolition of the preferential dollar rate have caused them large losses because of an increase in their obligations in foreign currency. Among them is the National Telecommunications Enterprise (Entel), which reported a loss of 73.5 million pesos as a result of the devaluation, and from 900 to 1,250 million pesos because of the abolition of the preferential dollar rate. Lefersa, meanwhile, reported that both measures affected the financial position of the company, but the amount "depends on the accountancy criteria to be applied in registering this, and these criteria are being checked with the pertinent supervisory organizations." In the case of Turismo Bio Bio, on the other hand, it was stated that ending the preferential dollar exchange rate implies a loss of 767 million pesos, to which should be added 190 million pesos as a result of the devaluation. Considering the decreasing premium per preferential dollar to be received in the next 18 months, the company reported that the above means that financial results are reduced from 1,195 million pesos to 245 million. Cementos Bio Bio reported that the devaluation decreed on 28 June implied a loss on the order of 20 million pesos for the company. [Excerpt] [Santiago EL MERCURIO in Spanish 9 Jul 85 p B-1]

12856

CSO: 3348/809

COLOMBIA

BIO ON PRESIDENTIAL CANDIDATE ALVARO GOMEZ HURTADO

Bogota EL TIEMPO in Spanish 17 Jun 85 pp 1,A, 9-D

[Interview with Alvaro Gomez Hurtado by Patricia Lara; date and location not specified]

[Text] Alvaro Gomez, a candidate for the presidency of the republic for the third time, one of the most intelligent Colombians and among the conservatives with the greatest reputation for being obstinate, appears to favor the change. "There is no need to stop the change. Every change can be used to advantage so as to lead toward something constructive," he remarks. And despite the fact that he is "Laureano's son," carrying behind him a shadow of sectarianism, he does not seem deceitful when claiming this. With keen common sense and a fondness for argument, he skillfully avoids being boxed into any system.

[Question] Dr Gomez, how would a government of yours differ from the present one?

[Answer] In many respects, beginning with the fact that the times will not be the same. The country is evolving a great deal; there is a very considerable change; and the change has to be handled. Therefore, each day will be different from the previous one.

[Question] But people say that you are in a very uncomfortable position with regard to the government.

[Answer] I don't think so.

[Question] They claim that you rant against the government in private and ostensibly support it in public.

[Answer] No, you are contriving something for me. I don't talk differently in private and in public.

[Question] You have said that you would institutionalize peace. What exactly do you mean by that?

[Answer] Returning to the complete enforcement of the institutions. The institutions have a legal inflexibility that is typical of them; but the Constitution

for loftier reasons, provides, for example, that to achieve peace it is possible to have a certain amount of flexibility. So, measures such as the pardon and amnesty are enacted, and one even observes a certain amount of visual tolerance, so as not to record in all their significance acts that might be perpetrated by individuals who have spent a long time exercising force, who are not readily adapted to peaceful means. And that is what we are doing. We are in a state of transition that is worthwhile and daring, and both risky and promising, but that cannot be permanent.

[Question] To explain this a little, let us take as a basis what is possible: There are some subversive groups which will most likely participate in elections, and others which will not; thus maintaining an ambiguous situation. So how would the institutionalization of peace work in the case of the latter?

[Answer] The people who don't want peace will remain apart from the peace. One cannot arrive at peace against the express will of those who don't want it. When we have done everything possible, everything that has been suggested and everything that has occurred to the imagination of Colombians, in order to attain peace, then there must be peace. Now, if that doesn't produce results, it must be that there is a keen desire on the part of people who don't want it.

[Question] Then would such people be combated by repressive means?

[Answer] No, what would happen is that the law would become the same for everyone, for those who accepted the peace and for those who did not accept it. Everyone would be subject to the law, like the other Colombians. That is the basis of any system, even if it be a totalitarian system.

[Question] So if groups remained with which complete peace had not been achieved, you wouldn't continue to insist on methods for attaining it?

[Answer] It would depend on the situation that was created. That is futurism. It is a hypothesis that would have to be constructed on the basis of real situations which remain after this administration. We would have to see whether to insist on it or not.

[Question] You said some time ago that the guns would have to be taken away from the subversives if they didn't surrender them. And you later said that it was absurd to ask them for the weapons, because there was no stock-taking of them.

[Answer] No, I didn't say that. What I said was that it was impossible to set as a condition for the peace agreements their surrender of weapons, because that was an impossible condition, since it was not known how many weapons there were nor who had them. If we wanted to reach agreement, it was better to facilitate it and not set an impossible condition. The other thing is that if the armed groups which accept the peace want to participate in the election debate, they must be unarmed, and if the authorities see them showing up armed, they must take those weapons away from them.

[Question] And what if they show up unarmed but keep the weapons hidden somewhere?

[Answer] I don't know what kind of individuals you are talking about....

[Question] For example, I am talking about General Lema and the people who agree with him.

[Answer] No, I don't think that too much has been yielded. Amnesty is a legal phenomenon, a calculated risk.

[Question] And do you approve of the methods that have been used to seek peace?

[Answer] Yes, it seems to me that the president believes in that policy. He is seeking the pacification of the guerrillas. He has requested what he deems necessary, and we have given it to him.

[Question] And what is your view of the commitment on reforms?

[Answer] I think it is good; I like the change. It must not be stopped; we must keep moving with it. There is no purpose in stopping it, because every change can be used to advantage.

[Question] To what extent?

[Answer] Directing it so that it will be constructive. If it is change to destroy, such as the change that there might be in the destruction of an electric power tower in El Salvador, that is a bad change; it is change for the sake of changing. But if it is a change to construct, splendid.

[Question] Dr Gomez, why did you describe the memorandum from the minister of government to the political board members antidemocratic and inspired abroad?

[Answer] Because it bears no relationship to the Colombian reality, so it must have an inspiration from elsewhere. It gives a description of Colombia which is not geared to what we are experiencing.

[Question] But what the minister of government was asking was that the parties assume a consistent position concerning the reforms, a political agreement for the precise purpose of institutionalizing peace.

[Answer] He proposed a national agreement, and all of us accepted that proposal; I was the first to do so. I think that there must be agreements all the time; that is my disposition. But he wants it to be for his reasons, and his motives don't convince me, because they run counter to the national reality.

[Question] And to explain, tell me what his motives are.

[Answer] He says that the democracy is a persecuting democracy, which excludes people and does not give others an opportunity to participate; and I don't believe that. I believe that it does offer this.

[Question] Then what has been the cause of the violence in Colombia?

[Answer] This violence is due primarily to political reasons.

[Question] To the narrowness of our democratic system, for example?

[Answer] No, I don't think so; because here anyone who wants to participate can do so, no one has been excluded. Here, there is a Communist Party, one of the oldest in the world, which has full guarantees and funds, far more than the traditional political parties have. It has freedom of action, it has a press, it has access to the media and, furthermore, it has representation in the Congress when it obtains it. This is proof that there is no exclusion here.

[Question] Then you don't agree that there should be reforms aimed at greater openness?

[Answer] Well yes, they seem all right to me. But I don't think that the democracy should be denigrated, as the minister of government has done. That is not good, either for the democracy or for the government.

[Question] And why do you say that his ideas have been inspired abroad?

[Answer] Because suddenly some cliches have been created which are applied to the various countries, to Zambia, Uruguay and Paraguay, and they are being applied to us.

Why So Conservative?

[Question] Dr Gomez, people are wondering how conservative you are now. There has been a change in the way in which you make your statements, if we consider the violent editorials in EL SIGLO a few years ago....

[Answer] No, there has been no change, there were no violent editorials in EL SIGLO. Those are preconceptions.

[Question] But remember the 40's and 50's, when you even accused the Liberal Party of being anticlerical.

[Answer] For example, I never said that. I had no quarrel with the Liberal Party about religious matters.

[Question] But the notion that people have of you is that you are very conservative.

[Answer] No, the people with whom you talk are not the ones with whom I talk.

[Question] Then there has been no change between the Alvaro of the present and the one 20 years ago?

[Answer] I maintain myself within the bounds of a natural evolution of any human being. It has been a maturing process. If one remains petrified, thinking what he used to think during high school days, he would probably be of no use for public life. I admit the change; one has to change.

[Question] Four years ago, you said that there should be a Conservative candidate who would enact Conservative principles, and you did not appear to agree with a national candidacy. Has your view changed now?

[Answer] That is not correct either. I have always been an advocate of national governments, since we supported Dr Ospina.

[Question] Then in the last elections what were the reasons that kept you apart from Belisario?

[Answer] Everyone knows that we are very good friends, but that we have different views on many issues. I wanted the Conservative Party to take a position in the center of center, and a position a little to the left of center has unquestionably been assumed; which is feasible right now, because it affords possibilities of a very interesting political management. I am delighted with the change that is taking place.

[Question] Explain a little further.

[Answer] When there is a change like this, the positions which have been crystallizing become soft. One of the problems that one has in politics is that the positions become crystallized and that causes prejudices to be more valuable than ideas. And since there is a mobile situation now, the prejudices are reconsidered and subjected to testing; so ideas are more valuable than the prejudices. There is a great deal of interesting, scattered energy afloat in the air. And there is no conformity, which is an advantage, because when countries become conformist they accept decadence. The fact that the country is not conformist seems very attractive to me.

Government of Participation

[Question] What would a government of yours be like, Dr Gomez?

[Answer] It would be a government of participation. Instead of creating a government of mere representation, such as we have had, I would like there to be more progress in the democratic openness. It is a matter of inviting people to participate, not just passing laws, but evaluating resources, indicating priorities and, of course, executing programs. All the community leaders should be invited, beginning with the political parties, to which I give priority. I have proposed a democratic planning, in other words, making plans and establishing the kind of future country in which one wants to live. All this is a kind of participation that doesn't exist today.

[Question] And what do you think about Article 120 of the Constitution?

[Answer] It seems to me that the president of the republic has the obligation to offer the country's second ranking political force an equitable participation. And the force receiving that offer may accept it or not.

[Question] But in talking about participation, would you give participation only to the Liberals?

[Answer] The Constitution mentions equitable participation, precisely to avoid proportionality. Otherwise, it would say proportional. But it says equitable because on one occasion something may be equitable and on another occasion it is not.

[Question] Then you don't think that Article 120 should be abolished?

[Answer] It could be abolished, but that doesn't seem to me to be necessary.

[Question] And to state it clearly, in a government of yours, Article 120 would be interpreted so that, at a given time, there might be a director of a decentralized institution belonging to the FARC's [Revolutionary Armed Forces of Colombia] Patriotic Union?

[Answer] If that proved to be equitable, that is the interpretation which I would give to Article 120.

[Question] In other words, the participation of other groups is not precluded.

[Answer] I think not. The fact is that being equitable implies a highly subjective element. There are some values which comprise the equity. But the way in which they are assessed is to some extent subjective.

[Question] Some time ago you were discussing developmentism.

[Answer] No, I did not discuss development. They call our countries underdeveloped. So I think that in these countries the good economic and social policy is that of seeking development. If there is no development, there is no income to distribute. The development policy is essentially practical. The effort for productivity must be made where it will lead to a better result for emerging from poverty. For at least a decade we have been incapable of organizing the economic forces in search of development. With a growth in the economy amounting to 2 or 2.5 percent, we cannot fulfill the desires of the poor. The narrowness, the social problems that we have, are due to the lack of growth in the economy to seek that development. What is lacking is production; and that is called development. We have no agricultural development, and the same thing applies to industry. We have no exportable supply, because we lack stress on production. All the measures must be organized to achieve greater production. That's the story.

Alvaro's Government

[Question] Do you think that an agrarian reform should be carried out in this country?

[Answer] It seems to me that someone would have to propose what it would consist of at present. There is not much pressure on the land today. On the contrary, people want to leave the land. If there is an INCORA [Colombian Institute of Agrarian Reform] to purchase the land, people leave. And I don't think that there are many people who want to receive it either.

[Question] But the invasions that have occurred in Cauca are pressure for land.

[Answer] That is completely different; it is the Indian situation, which is quite unique. If there is pressure there for land, it could be expropriated and given to those who want to live on it.

[Question] Expropriate by paying the owner?

[Answer] Yes, because there is no reason that when one thing is expropriated there should be payment and when something else is expropriated there should not be payment.

[Question] What reforms to the present system would you propose?

[Answer] I was very much in favor of establishing planning in the Constitution and other reforms. But that reform failed in 1979. Now, I would not favor devoting much energy to constitutional reforms, because it would prove too expensive. Moving the machinery of constitutional reforms is extremely burdensome. And it is possible to establish a planning based upon the state's wishes and not out of obligation to the Constitution.

[Question] Something that people are demanding here is security. And you have offered security.

[Answer] Yes, the state should offer security. We must find the elements around which coexistence can be achieved and that should afford an atmosphere of peace. And then the authorities must protect the citizens' lives, honor and possessions. The fact is that the country is becoming used to violence, because de facto methods are solving most of the problems. Since there is no justice, they are not resolved through recognition of rights but rather through coercive demand for them. There is an inclination toward de facto methods, which is what created the insecurity.

[Question] Dr Gomez, what criticism would you make of the present government?

[Answer] Every government facing an economic crisis shows its flaws more than its advantages. The present government cannot be blamed for that. We have

an immense fiscal crisis, which is due to the growth of the state. In a country whose economy is not growing, the growth of the state has been fostered. And that is the great difference between me and the other candidates. They want the state to grow; and I don't; because we were unable to pay the state's bill and we had to go to the Monetary Fund to have it extricate us from the problem. People want the state to resolve everything. It is said that if a bank fails, the state is responsible. And everyone agrees with that. And that costs 5 or 15 billion; and later, when it is time to pay, it is impossible to pay.

[Question] And in reducing the size of the state, what would you do about the unemployment that would be created?

[Answer] What produces the least employment is the spending in the state. That is a bureaucratic employment which is neither fruitful nor productive. The other kind of employment must be created, that of productive investments which offer better salaries, and it is permanent as well.

[Question] And what would you do about taxes?

[Answer] The taxes in Colombia are unpayable; so people don't pay them. The tax burden is very heavy, but people take refuge in funds that exist and only pay what they think they should pay. The taxes have been devised for the purpose of penalizing savings. In most countries, what is attempted is to promote savings, so that there will be investment and employment. Here, the opposite is happening. They did that in the Lopez reform, which was greatly intensified by this administration. That is poorly conceived. The notion must be changed.

[Question] Dr Gomez, what is your opinion of Contadora?

[Answer] It has had many problems, but it is an irreplaceable agency at the present time. It is filling the voids that have occurred with regard to the UN and OAS. OAS is operating poorly: it needs a U.S. policy toward Latin America and vice versa; and it needs a joint policy of the U.S. and Latin America. In none of the three instances is there a policy. The American policy toward Latin America is short term. It is a policy with a fireman's mentality. They are waiting with the helmets and trucks for the alarm to sound; and it sounds, and they start extinguishing the fire. And they do damage, as firemen do. A medium and long term policy would have to be devised, not a short term one. The capital investments that could exist must be made over the long term. We are not doing any of these things. What is being solved is emergencies.

[Question] In conclusion, let's talk about Conservative politics. It has been commented that Pastrana will soon launch his presidential candidacy.

[Answer] He has said that he will not.

[Question] And are you convinced that Pastrana will not launch it?

[Answer] You have to believe what people say.

COLOMBIA

SANTOS FAMILY DEFENDS EL TIEMPO EDITORIAL POLICY

Bogota CROMOS in Spanish 8 Jul 85 pp 14-19

[Interview with Hernando Santos Castillo, editor of EL TIEMPO, by Rodrigo Palacios, on 4 July in his office]

[Text] It was not yet 10:00 am on Wednesday 3 July when Hernando Santos Castillo, the editor of EL TIEMPO, ordered two bottles of French champagne over the phone: "Gift wrap them for me," he told the employee before mentioning that he would be by to pick them up at noon. They were for former President Alberto Lleras Camargo, who was celebrating his 79th birthday, as his paper announced that morning, on its front page of course.

At the same hour on Thursday the 4th, U.S. Independence Day, Hernando Santos seemed nervous over his agenda. He was scheduled to lunch at home with his good friend Belisario Betancur.

[Question] So your relations with the president are just great, aren't they?

[Answer] Belisario is a real social charmer.

[Question] And a very poor president?

[Answer] It is still very hard to say. I would not want to suggest anything. We have to wait a while.

Surviving Failure

Gladys his secretary walks in, perhaps to prevent him from getting cornered. He soon gives the impression that he would like to toss everything and everyone out of his sanctum, even this reporter. On his desk is a letter from Senator Luis Carlos Galan that seems to be driving him crazy. "I've already said everything," he almost shouts. "I don't know what to do anymore with all the letters that he apparently seems determined to send us," he exclaims forcefully.

[Question] Belisario charms other people too.

[Answer] I think that he has lost out. His is a very difficult style to follow because he runs away from problems. He waters them down by holding his ministers responsible. He has managed to get out from under problems, which is a skill that neither Turbay, for example, nor any other president has had. He is not blamed for them. Before, Mr Turbay was to blame, not some minister. Today, a situation arises and then gets watered down. Though his peace efforts have been failing and though Contadora is somewhat of a failure, he still survives. He has a political gift that I don't care for but that I am quite familiar with. Aside from this, there is what I have dubbed in an editorial the "dichotomy" of the current administration, meaning that the president is one thing and the administration is another, which has never been the case before in Colombia. I said that this was a dangerous style, because it is better for presidents to take responsibility for what their administrations do, for better or for worse. At this point, with just 1 year of the term left, I think that the situation in the country cannot get much worse, but the fact is that if anything it is going to get worse, not better. [end of answer]

Uriel Ospina walks in, and the editor hands him a piece of paper on which someone has written something about a topic that he feels could be subject matter for an editorial. "Get me Samper," he tells Gladys. "Come on, let's hear the questions. I'm in a hurry," he says to me, brimming with experience.

Several Different Pens and a Single Editorial

[Question] Who writes EL TIEMPO's editorials?

[Answer] I do. Hernando Santos Castillo. I write the great majority of them. I write all the political editorials. (When he is on trips, Juan Manuel Santos, Jorge Restrepo, Enrique Santos Calderon and Daniel Samper Pizano, as members of the editorial board, have the pleasure of putting their own views in the editorials.) I also write the ones on general issues. Juan Manuel Santos, the assistant editor, does almost all the economic editorials, and I have two collaborators, Mr Ricardo Ortiz and Mr Uriel Ospina, who help me on certain international topics. EL TIEMPO has more or less two editorials, and the first one is almost always mine. Sometimes I write them both, and occasionally we ask someone who is an expert on a subject to write some special piece. But this is highly personal and, of course, not regular policy.

[Question] So in contrast to what Senator Galan said at the New Liberalism forum in Paipa, there is unity of opinion in EL TIEMPO.

[Answer] Yes. EL TIEMPO's line is expressed in its editorials, with the natural differences of opinion between people who are far to the left, far to the right or dead-center.

Incomplete Reporting in the Past

[Question] What is Galan talking about when he says that deceptive reporting is on the way out in Colombia?

[Answer] Anyone can see how EL TIEMPO has covered Galan's campaign. I would like to measure how much column footage has been given to Dr Galan's activities. I think that news reporting has expanded enormously in the country. A few years ago, during that marvelous period that Dr Galan today praises, reporting was poor. The old papers, EL TIEMPO, EL ESPECTADOR, did not report on their political foes. They created a smoke screen, which made the situation easier to handle. There was absolutely no media pluralism. Dr Santos did not allow anyone to voice views that differed with the line charted in editorials. So Dr Galan is wrong there too.

[Question] Abelardo Forero Benavides was banned for 15 years. Now he writes signed editorials in EL TIEMPO. How did this happen?

[Answer] You're right. The columns of our paper were closed to Abelardo Forero for a long time. Now did we acknowledge the election of Laureano Gomez. There was also a wall of silence around Dr Gaitan. It was a different style of journalism. A much more radical, much more politicized, much tougher style.

[Question] Forero Benavides is said to have written more than one editorial...

[Answer] I think that Abelardo has contributed four or five editorials to EL TIEMPO while I have been away, on vacation. At times we also use Fernando Cepeda Ulloa, but on a strictly personal basis. He has some very fine opinions and has sent us many articles. We talk over with him any changes that we want to make, for example, taking out first-person opinions. We use them as editorials.

[Question] And what about German Arciniegas?

[Answer] We've used about four from German in the 5 years I've been editor.

Even the Conservatives Would Back Carlos Lleras

[Question] What about Abdon Espinosa?

[Answer] He gives his views in his column. He has done two or three economic editorials when I've had to take over the editorial office.

[Question] And what about Alberto Lleras?

[Answer] No, not ever, And it's too bad, because I would love to have his marvelous contributions. I would like to be able to call on him like before. He hasn't written for us since he retired.

[Question] Speaking of the two Drs Lleras, don't you think that former President Carlos Lleras would be a fine choice for the Liberal Party today?

[Answer] He and Alberto Lleras are privileged men in the party. He would be the candidate if he were physically up to it. He would be unbeatable, not just the best one. I think that the country would elect him by an overwhelming majority. But the important thing is for him to accept, not to be nominated, which would be very easy. He has clearly said that they should not keep talking about something that he cannot agree to. Of course, if he were to accept for this, that or the other reason, the country would be 80 percent behind him. Liberals and Conservatives.

[Question] EL TIEMPO is no friend of the Galan campaign, needless to say...

[Answer] EL TIEMPO is no enemy of the Galan campaign. EL TIEMPO will back the candidate whom the convention nominates. There is not a single offensive word in EL TIEMPO about Galan.

The Monster That Created Him

Here surfaces the serious feud between the Santos family paper and the former university and economic affairs staff writer who left to become education minister before starting a major faction of the Liberal Party. We remember the headline "Unity Our Ambition, Says New Liberalism," on the last page of Section B on 22 June. It turned out to be the spark that touched off the bonfire, because in Paipa Senator Galan regarded it as an ill-intentioned ploy by the paper. Here is when Hersan talks about the 27 June "Contrasts" editorial in which EL TIEMPO lashed out at Galan for the same reason that EL ESPECTADOR criticized him the following day in an editorial entitled "The Liberal Chaos": for yielding to the temptation of targeting his attacks at other party leaders. Here is when Hernando Santos expresses annoyance over Galan's remarks to Todelar, in which he complained of a "Turbay-Barco-EL TIEMPO" gang, describing the paper as "a monster" whose inner workings he was familiar with because he used to be part of them. Here is when Galan recalls the "Cosa del dia" column in which the Santos family replied to him, sharpening the battle that could further deepen the Liberal Party rift.

[Hernando Santos] Dr Galan should reread that column. In it appear the words "unholy alliance" [contubernio], which he used. I think that this is what annoyed him. We have nothing against him pursuing his political career in a disciplined way that insures a Liberal Party victory, which he could insure if he so wished. [end of comment]

Hernando Santos Castillo is the head of the monster that lives in a 16,000-square meter red building which men and women are constantly scurrying into and out of, taking care of its everyday needs. A total of 2,100 persons, 600 of them part-timers, work just like Hersan, making sure that there are no interruptions in its vital signs. Every 24 hours the "monster," most of whose shares he owns, consumes 2 tons of ink and 83 tons of newsprint. Thanks to this diet, which comes to 2,500 tons of paper a month and 30,000 a year, it can put out 225,000 copies a day during the week and 360,000 on Sunday. The average issue is 58 pages, 10 or more of classified ads offering everything from canaries to jobs for the 7,000 Colombians who pour over them every day at breakfast.

Strong Emotions Gone

[Question] So then, was it, as many think, a blunder for Senator Galan to have it out with a force that can destroy him?

[Answer] No, I wouldn't say that. I'm not that unrealistic to think that newspapers can destroy political figures. What happened was that his attitude was not tasteful, and people don't like that. But we Santos have gone through so much on this newspaper, and I, for example, who have been here 45 years, have heard so many things said. So many friends have become enemies and so many enemies have become friends! You wind up being a bit skeptical, a bit cold. To hate you have to have strong emotions, and we no longer have those.

[Question] But the words "son of a bitch" appeared for the first time in an EL TIEMPO editorial...

[Answer] Ever since President Roosevelt used the term, we have felt entitled to use it. I do admit, however, that I was quite surprised that he called me an SOB.

[Question] How does EL TIEMPO lose as a business when its candidate loses?

[Answer] It has no effect on us at all as a business. In fact, we have to acknowledge fully that with the exception of the Rojas era, we have not been under political, economic or other pressure under any administration. Businesses like EL TIEMPO do run the risks of politics, however. A serious crisis would directly affect EL TIEMPO because the Santos family and those with economic ties to the publishing house have only EL TIEMPO, nothing else. And it is subject to the vicissitudes of politics. I don't think that anything would happen to us under a democracy, but if a totalitarian political regime were to arise, we would be among the first to suffer the consequences. Freedom of the press and a right- or leftwing dictatorship have never mixed well. [end of answer]

The "monster" is aided by modern computers in production and administration. In the editorial offices, however, it relies on 198 persons who peck away at typewriters, click cameras, develop, dry and copy

photographs, come and go with messages, carefully read the most unexpected documents, map out the routes of 12 cars around the city, clip news dispatches and coordinate the efforts to make the most of each workday so that by nightfall the two lovely red Goss Metroliner presses, the most modern in the world, can start churning out 70,000 copies an hour. Read by 72,000 eager subscribers, EL TIEMPO thus remains among the 10 most important and widely read newspapers in Latin America.

[Question] Was it your paper or the man in the street that came up with the saying that EL TIEMPO is the "registry office" of Colombians?

[Answer] People do the judging every day. If people don't like this paper, they can stop buying it, and we can't do anything about it, except provide good reporting and stick to limits that they can identify with. This is the only way that EL TIEMPO has been able to remain Colombia's number one newspaper for so many years.

Wishy-Washy and "Independence Day" Editorials

[Question] Even so, there seem to be ready-made editorials for every occasion...

[Answer] That stands to reason, because writing an editorial every day is one of the hardest things to do. We're not geniuses. I think that every paper has a sort of "independence day" editorial ready when it has to talk about the glorious Armed Forces or the Day of the Sacred Heart of Jesus instead of some specific development. I've seen editorials in THE NEW YORK TIMES that are enough to make you laugh. They are exactly the same. You can see how hard it is for an editorial writer to tackle an issue that he can't get his teeth into but that he has to address anyway. These are the wishy-washy editorials, and I try to avoid them as much as I can, but at times I am guilty of writing them. I can't deny it.

[Question] Nevertheless, this is how EL TIEMPO has brought a great many figures on the scene...

[Answer] Quite a few. A lot of people. EL TIEMPO has made a lot of political careers. I think that Dr Luis Carlos Galan's column was a good foundation...for a start. I think that Dr Pardo Parra, from New Liberalism, began here too. But I don't think that EL TIEMPO can be of use to someone who is not worthwhile. We have to take advantage of the "monsters" so that they develop their power to the fullest.

[Question] Is this because EL TIEMPO has its share of ambassadors, ministers and governors?

[Answer] No, not at all. Galan left EL TIEMPO to become an ambassador and a minister because Dr Pastrana wanted to appoint him; there were no consultations. And it was soon seen as a big mistake, because if he had stayed here, he might be editor now, and I would be in a much more pleasant, agreeable situation. [end of answer]

The interview is cut short as Gladys arrives to say that Galan is on the attack again. He is on Caracol Radio.

COLOMBIA

BRIEFS

CORPORATE DIVIDENDS REVEAL DIFFICULTIES--The Bogota Stock Exchange reported that of its 160 registered companies, 73 did not declare dividends while 10 declared extra dividends, though some will take the form of shares instead of cash. The stock market in Colombia this year is becoming a very accurate indicator of the condition of companies, said Juan Camilo Restrepo Salazar, chairman of the National Securities Commission, inasmuch as henceforth they will have to disclose information that only boards of directors were privy to until last year. The fact that almost half of the registered companies have not declared dividends reflects the trying conditions that recession and inflation have caused, with declines in production, sales, job opportunities and profits. Furthermore, the paying out of regular or extra dividends is not always synonymous with a thriving business. It can often be a costly investment incentive. [Text] [Bogota EL TIEMPO in Spanish 8 Jul 85 pp 1-A, 4-D] 8473

CSO: 3348/804

CUBA

INCOMPATIBILITY BETWEEN COMMUNISM, CAPITALISM EXPLAINED

Havana BOHEMIA in Spanish No 24,14 Jun 85 p 81

[Text] Correspondence

Jose Armando Arrate Falcon, a resident of the municipality of Artemisa in the province of Havana, asks in a letter if "there can be a communist society in the United States along with capitalism."

Dear Reader:

Capitalism is incompatible with a communist society; they are diametrically opposed, and therefore irreconcilable, social systems. Capitalism is based on the predominance of private ownership of the means of production. Capitalism engenders private property and the exploitation of wage-earners.

The fundamental law of capitalist production consists of obtaining profits, or earnings, to continue augmenting private capital. Wherever there is capitalism there is a class struggle, which is not possible under socialism, where there are no antagonistic social classes. Moreover, in its ultimate phase capitalism becomes imperialism, which is characterized by the predominance of monopolies and the financial oligarchy. In this system, all possible forms of aggression and threats are exerted against other nations within the imperialist power's sphere of influence. During this phase, monopolistic state capitalism develops fully, and this in turn accentuates militarism to an extraordinary degree and joins together the power of the monopolies and that of the state. "Modern capitalism is hostile to the vital interests of society, to the progressive tendencies of all humanity," declare the documents of the 22nd Congress of the Communist Party of the Soviet Union.

Send your letters to: BOHEMIA Magazine, "Correspondence" Section, Apartado 6000, Havana 6.

8926
CSO: 3248/448

CUBA

SMALL MANGANESE, ZEOLITE MINES TO BE EXPLOITED

Havana GRANMA in Spanish 14 Jun 85 p 2

[Article by Joaquin Oramas]

[Text] Next July two new mines will begin operations in our country. One is a manganese mine located in Cambute, Santiago de Cuba, and the other a zeolite mine in the province of Villa Clara.

Both mining centers will contribute to the import substitution effort, since they will be able to provide supplies that are needed to make certain products. Thus, the manganese mine will provide the raw material needed to manufacture dry batteries, while zeolite is used in agriculture, in hog feed, and in industrial activities.

These mines are now being worked as a result of research by geologists and other specialists, and thanks to the workers' collective of the Havana Unit of the Union of Mining and Salt Enterprises, which built the equipment and facilities necessary to extract and process the minerals.

Among the equipment they built are mining cars, scale cars, transportation systems, heat exchangers and mining towers.

At this stage of production diversification that is now beginning, the goal is to increase the percentage of nationally-produced equipment in the mines and the mineral extraction and processing operations so that it will be at the same level as that of the salt mining industry. In the latter sector, practically 100 percent of equipment needs in salt mining operations and nearly 90 percent of other equipment needs are met locally.

Recently that unit completed the first of two salt combines that will be exported this year.

Preparations are also being made to expand the Mina Grande copper mine next year by constructing certain facilities.

The Havana Unit is playing a key role in the operation of different mining centers. This year, geologists will make available 14 mineral deposits, including the Delita gold deposit on the Isle of Youth. Along with geological

prospecting at that site, some mining of that valuable mineral has taken place already, and now it is ready for large-scale production.

The workers at the aforementioned equipment manufacturing center and miners have built various facilities to enable operations to begin at Delita.

The mines in Cambute as well as the zeolite and gold mines are functioning under the policy designed to foster closer cooperation among geologists, miners and mining equipment manufacturers in the development of small mineral deposits. This means that what is known as small-scale mining will be carried out along with large-scale mining, with equipment that is either manufactured in Cuba or is already here so that only a limited investment is required.

In this way, earnings can be obtained to replace imported goods or to contribute to the development of exportable goods, thus making better use of all our resources and encouraging more research in each of these areas.

8926

CSO: 3248/448

CUBA

BRIEFS

PAPAL VISIT POSSIBLE--Mexico City, 20 June--A spokesman for the Vatican Embassy in Cuba officially announced to the press that negotiations are underway at the initiative of the papal nuncio in Havana, Msgr Giulio Einaudi, to obtain a formal invitation from the Cuban Government to John Paul II to visit Cuba. The spokesman stated: "Our doors are open. There is no impediment to a papal visit to Cuba. We confirm that diplomatic negotiations are underway to enable John Paul II to make a visit to Havana soon to learn about our country's situation first hand. We believe that today more than ever, conditions are ripe for this project, in which the Holy See is as interested as our government." Pope John Paul II stated his desire to visit Cuba in 1983, when he was in Central America. [Text] [Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish 20 Jun 85 p 451] 8926

CSO: 3248/448

JPRS-LAM-85-071
16 August 1985

DOMINICAN REPUBLIC

DOMINICAN UNION LEADER INTERVIEWED ON LABOR UNITY

PA290110 Havana International Service in Spanish 0000 GMT 28 Jul 85

[Text] The following is an interview with Julio de Pena, leader of the General Labor Confederation [CGT] the Dominican Republic and a spokesman for the People's Labor and Peasant Coordinating Board, who will first tell us about the work in his country to promote unity of the labor movement.

[Begin recording] There is a feeling of movement toward unity in the rank and file of the labor unions. There is a pro-unity current. Of course, here the policies and practices of U.S.-style labor unions have an effect. For example, last year, on 26 January--the day of Duarte, founder of the republic--we had a big assembly attended by hundreds of labor leaders and we created a sort of labor coordinating board with the participation of all the labor unions.

However, following the people's unarmed insurrection of 23, 24, and 25 April [break in transmission] the union that follows the line of the ORIT [Inter-American Regional Organization of Workers]; the one directly financed by the American Institute for the Development of Free Labor Movements [AIFLD], the CNTD [National Confederation of Dominican Workers] suggested a change in the policy of active mobilization of the masses for a dialogue with the government and businessmen; that is, a quiet policy, or a sort of quixotic social pact; in a country where the government had recently murdered over 100 Dominicans and in which the management class had approved or supported such a massacre against the people, making it impossible to discuss a social pact.

With such a position, this union then introduced the virus of division, splitting the coordinating board. However, we have continued making great efforts not only to unite the labor groups, but also to achieve the broadest possible unification and coordination of the labor movement with the popular and peasant movements. We have in fact advanced in that direction. For example, the two strikes held this year in February and June were both organized and directed by the People's Labor and Peasant Coordinating Board, which has called a great national meeting of popular leaders on 8 September, with over 700 Dominican organizations already committed to participate. The mechanism of unity and coordination of the workers, peasants, women, clergy, and other popular sectors

of the Dominican Republic will actually be created on this occasion. Already, there is evidence among the ranks favoring unity, and a political disposition on the part of the CGT leadership to bring about this unity through action programs and plans in the near future. [end recording]

Julio de Pena now refers to the situation of the workers in his country.

[Begin recording] The economic and social situation of the Dominican workers is truly unbelievable. If you were to visit the living site of sugarcane workers, which is the main industry in the country, you will find that up to eight persons live in a 3 x 6 square meter room--father, mother, and children living crammed in such small space. Most of these places lack electricity or drinking water, which must be carried in tankers. And as you know, in a country like the Dominican Republic, with a government that cares little for the demands of the workers, such tankers often fail to carry the water on schedule. These places also lack latrines; that is, the people must defecate in the open air, which often contributes to children's parasite problems, produced by feces. In the Dominican Republic, it is a familiar sight to see the sugarcane workers' children with their bulging stomachs, affected by parasites and malnutrition, which is even worse.

It has been scientifically established by the state entities that in the Dominican Republic over 75 percent of all diseases stem from malnutrition. In fact, official figures show that 90 percent of the Dominican population suffers from malnutrition. That is, it is a general situation, since not only the sugarcane workers are affected, but also those in the cities, and the peasants. [end recording]

CSO: 3248/474

JAMAICA

SPAULDING SLAMS 'SABOTAGE, TERRORISM' OF ARSONISTS

Port-of-Spain TRINIDAD GUARDIAN in English 11 Jul 85 p 5

[Text]

KINGSTON, Wed., (Cana):

JAMAICA's National Security Minister Winston Spaulding says the recent fires were caused by arsonists, whom he accused of perpetrating national sabotage and terrorism.

"These acts are calculated to take human life, hurt people, however much they are suffering, and severely rupture the national interest by damaging our utilities and buildings, disrupting our services and our economy generally," Spaulding said in a statement to Parliament last night.

He said between June 15 and July 8, there were 18 major incidents of fire recorded, and the police had confirmed nine as acts of arsonists.

Two included attempts to set fire to two police stations in rural Jamaica, on June 15 and 20. Another was the destruction of a post office in Kingston on July 1.

Appealing to the nation for help, he said that public co-operation would be able to deal effectively a blow to the work of people bent on the destructive path.

The Minister said security at Kingston Public Hospital, which was damaged by fire on Monday, had been increased, and would be maintained in and around the area as long as necessary.

The fire, the second at the institution in two weeks, was set by

arsonists, according to police reports. It destroyed the physiotherapy department with its state-of-the-art equipment and a ward housing very ill patients.

Two patients died after the evacuation.

Spaulding said police/military patrols would provide round-the-clock patrol for the institution, the oldest medical facility in the country.

Also speaking in Parliament, Health Minister Dr. Kenneth Baugh warned the nation that it should not fail to condemn what he called acts of terrorism and sabotage.

Dr. Baugh, who widened his comments to include the recent general strike, said he detected "developing in our midst, a new and extreme attitude, a disregard for the sanctity of life," and a lack of consideration for services which were essential and critical to sustain life.

CSO: 3298/898

16 August 1985

MEXICO

PAN STATE CANDIDATE CRITICIZES PARTY, RESIGNS IN PROTEST

Mexico City EXCELSIOR in Spanish 10 Jul 85 p 32-A

[Article by R. Villarreal, J. Valderrama, and J. Paredes]

[Text] Monterrey, Nuevo Leon, 9 July--"I am greatly surprised to see that the National Action Party [PAN] candidate for governor, Fernando Canales Clariond, has proclaimed himself the victor, knowing that this was not true, as it is obvious we were defeated in the state." This statement was made in a letter written by PAN's candidate for state congressman for the 2nd district, Hector A. Hernando, who announced his resignation and indicated that he will not continue to be a member of PAN.

In his letter, a copy of which was sent to Pablo Emilio Madero, president of the National Action Party, Hernando said that he was expressing his strong protest of the positions "which PAN has been adopting, even though it had advocated and convinced us to conduct a clean campaign during which we would respect the popular will and always stick to the truth."

He added: "There is talk of fraud without proof of any kind; there is talk of violence even though there have been no disorders or problems. There is talk that the voting booth representatives did not participate, but that is not true. There is talk about an attack against democracy, but the essence of democracy is respect for the votes received by the victor.

"First we were invited to participate as good citizens, to fight for democracy, to refrain from acts of violence; but now because we have lost, they want us to demonstrate against the government, to make false accusations of fraud, to take part in acts of provocation instead of waiting for the verdict, which, to tell the truth, has already been rendered, because this was an election in which most citizens took part, without any problems or disorders.

"Because of all this, and because I do not wish to be an accomplice of a political campaign in which the National Action Party is playing dirty instead of acknowledging what is obvious, I am withdrawing; and I refuse to continue being a member of that party."

The PAN candidate gave the press a copy of his resignation, with the seal acknowledging its receipt by the State Electoral Commission.

8143

CS0: 3248/452

MEXICO

POSSIBLE PROSECUTION FOR PAN 'TELEPHONE ESPIONAGE' BROACHED

Mexico City EXCELSIOR in Spanish 10 Jul 85 p 12-A

[Text] The telephone espionage engaged in by the National Action Party [PAN] against the PRI [Institutional Revolutionary Party] and the governor of Nuevo Leon, through the intermediary of "a resentful employee of the Mexican Telephone Company," if proved, is a violation of the communication laws, according to a statement issued yesterday by the Office of the Attorney General of the Republic.

This office clarified that in order for an investigation to be conducted into these actions a formal complaint must be filed. That kind of crime is penalized in accordance with Article 571 of the General Communications Media Law and articles 210 and 211 of the penal code.

Fernando Canales Clariond, PAN candidate for the governorship of Nuevo Leon, during a press conference with Mexican and foreign newsmen the day before yesterday, said that he has in his possession "a tape recording of a conversation between Alfonso Martinez Dominguez and the PRI state delegate, Norberto Mora Plancarte."

A spokesman for the Office of the Attorney General of the Republic said that the tapping of telephones is a federal crime which is punishable by a fine of 5 to 50 pesos or a prison term of 2 months to 1 year for anyone who, without justifiable reason, to the detriment of another party and without the consent of the party who might be harmed, reveals any secret or confidential conversation by virtue of his employment, position or job.

Also, in accordance with Article 211 of the penal code, a penalty could be a prison term of 1 to 5 years, a fine of 50 to 500 pesos and suspension from his job in this case for 2 months to 1 year, when the punishable revelation is made by a person providing professional or technical services or by an official or public employee, or when the secret disclosed or published is industrial in nature.

The "resentful" employee who taped the conversation between the PRI delegate, Norberto Mora Plancarte and governor Alfonso Martinez Dominguez, which apparently was encouraged by the PAN candidate for the governorship of Nuevo Leon , Fernando Canales Clariond, violated the General Communications Media Law; and if Canales Clariond is covering up the crime, he too is guilty of an infraction.

The spokesman of the Office of the Attorney General of the Republic said that if there is a formal complaint an investigation will be conducted.

However, the spokesman clarified that the PAN candidate for the governorship of Nuevo Leon would first have to produce the tape recording he says he has in his possession; otherwise a crime cannot be demonstrated.

Canales Clariond stated during his press conference that he had the tape recording of the above-mentioned conversation but refused to produce it because he said that it is for internal use by the party to which it belongs but if necessary it would be released to the communications media.

As of last night, the complaints section of the Office of the Attorney General of the Republic had not received a complaint on this subject.

8143

CSO: 3248/452

MEXICO

PEMEX CLAIMS DEBT LIQUIDATION POLICY MAINTAINED

Mexico City EXCELSIOR in Spanish 27 Jun 85 pp 4-A, 27-A

[Excerpt] Yesterday, in a press release, Mexican Petroleum [PEMEX] announced that it has maintained a policy of ridding itself of debt, having reduced the PEMEX debt by \$3.5 billion during the past 2 years, and keeping its commitments to the international banks in their entirety.

It cited the size of both the total operating and investment costs and the debt service of the agency during fiscal years 1983 and 1984, which were financed 80 percent with its own funds and only 20 percent with funds from third parties.

It noted: "During 1982, this ratio was exactly the opposite: 80 percent of the costs were financed with funds from third parties, and only 20 percent with our own funds."

It remarked that the foregoing data indicate the favorable change that PEMEX's financial situation has undergone. "At present, for every peso of the institution's total assets only 46 centavos are owed, whereas in 1982 each peso of its total assets was supporting 75 centavos of the debt."

It added that, in terms of foreign exchange, during 1983 PEMEX had a positive balance of \$10.6 billion, with the latter rising to \$11.9 billion during 1984; sums which were released to the rest of the economy. Of the total foreign exchange generated in 1983, Mexican Petroleum used only 35 percent, to meet its own operating, investment and debt service costs; and in 1984, this percentage dropped to 29.

It subsequently commented: "Owing to the rehabilitation of its finances, PEMEX complied with its large fiscal debt payments on time. In 1984, it paid 1.7 billion pesos in taxes and duties."

It claimed: "Furthermore, it turned over 655 billion to the public treasury by way of taxes levied by third parties and withheld by the institution. The agency's contributions amounted to 50 percent of the country's total fiscal receipts. It is estimated that, in 1985, Mexican Petroleum will pay and disburse 3.7 billion pesos to the treasury; 2.7 billion in its own taxes and a billion in withholdings."

2909

CSO: 3248/434

MEXICO

PETROLEUM WORKERS' CONTRACT INCLUDES 32 PERCENT WAGE HIKE

Mexico City UNOMASUNO in Spanish 29 Jun 85 pp 1, 9

[Excerpt] Yesterday, Mexican Petroleum (PEMEX) and the Revolutionary Trade Union of Petroleum Workers of the Mexican Republic (SRTPRM) signed the collective work contract whereby the unions at that company received a 32 percent wage increase.

In addition, concessions were agreed upon applicable to various types of benefits, such as the basic food basket, the Christmas bonus and medical services, among others, which will benefit plant workers, and retired and temporary workers, as well as their families.

The signing of this document, completed 33 days before the expiration of the contract, took place yesterday during a ceremony held in the PEMEX Jose Colomo Auditorium, in the presence of the institution's general director, Mario Ramon Beteta; the SRTPRM secretary general, Jose Sosa Martinez; deputy directors and officials from the administration, members of the General Executive Committee of the union, and secretaries general from all the elections in the system.

In commenting on the terms of the agreement, Jose Sosa Martinez described the document which was signed as "a modest, but balanced collective contract," and, at the same time, as "a contribution to alleviate the economic situation that the country is experiencing." He added: "It guarantees our just aspirations in part."

Mario Ramon Beteta, in turn, declared that the holding of the talks, in only 24 days of negotiation, with complete cordiality, "means that the parties upheld their views on a legitimate basis and according to the representation given to them; but they never forgot the main commitment that both sides have, namely, their commitment to the nation, which is the only owner of oil in Mexico."

The official subsequently added: "This is particularly valuable under the circumstances that the country is undergoing, and it is added to the expressions

of patriotism and judiciousness which at the present time constitute the unified attitude with which all sectors must contribute to the solution of our problems."

He cautioned: "Comrades, we must not, even for a moment, let down in our determination to work with austerity and discipline."

2909

CSO: 3248/434

JPRS-LAM-85-071
16 August 1985

MEXICO

BRIEFS

PUBLIC TRANSPORT SUBSIDY FIGURES--Yesterday, the Federal District Department's general coordinator of transportation, Luis Dominguez Pomerence, estimated that the government is subsidizing the average price of a trip on the capital's public transportation with the sum of approximately 20 pesos. On buses, the percentage amounts to 85 percent of the cost of the fare, and in general transportation, it totals 90 percent. [Excerpt] [Mexico City EL DIA in Spanish 4 Jul 85 METROPOLI supplement p 1] 2909

CSO: 3248/434

NICARAGUA

FORMER SECURITY AGENTS INTERVIEWED

PA251428 San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 20 Jul 85
pp 1-C, 3-C, 4-C

[All quotation marks as received]

[Excerpts] Two former agents of the fearsome General Directorate of State Security (DGSE) who fled Nicaragua have granted NICARAGUA HOY exclusive interviews in which they made revelations about criminal actions that the Sandinist regime and its repressive forces carry out against the Nicaraguan people. They also denounced the regime's internal corruption, the immoral methods it uses to discredit dissidents, the tortures it inflicts on the Miskito Indians of the Atlantic coast region, and the genocide the Sandinists are carefully planning for implementation in the event of an imminent threat to their retention of power.

Rigoberto Wilford and Xavier Torres, both long-time Sandinist activists, stated that they requested discharges and later fled Nicaragua on 30 May, arriving in Costa Rica on 11 June, "in response to the regime's criminal actions and internal corruption."

Torres was responsible for investigations at the DGSE's Operations Department. He was later transferred to counterintelligence or F-5, in charge of the state's economic and strategic matters. He requested a discharge 2 years ago.

Asked about DGSE operatives infiltrated in the political parties, Torres said that the Social Democratic Party has the most. He said he knew of at least three agents infiltrated in that party, two of whom were activists and another who signed up for sewing lessons at the party clubhouse.

Torres reported that while he worked for the F-5 he "was in charge" of the Planning Ministry [MIPLANS], where he was witness to the following incident that attests to the Sandinist regime's corrupt administrative practices.

One day an order signed by Commander Henry Ruiz arrived at Torres' office instructing it to release \$5,000 in "travel expenses" for Commander Ruiz' lover, Gioconda Belli, who would travel to Mexico on a private visit.

At the time Belli was an employee of the FSLN Department for Propaganda and Political Education [DEPEP], which disqualified her from receiving MIPLANS funds. Nonetheless, Minister Ruiz' instructions were acted upon.

Torres said that he was also "in charge" of the Finance Ministry. This was before he was transferred from there to the MIPLANS after he uncovered irregularities at the highest levels of the Finance Ministry.

The former DGSE agent said that at one time he had before him "overwhelming evidence that Minister Joaquin Cuadra Chamorro, Deputy Minister William Hupper, and Gilberto Guzman, an official of the General Directors of Revenue, had waived millions [unit not provided] in taxes.

Torres reported that once at MIPLANS he discovered withdrawals of funds in excess of 2 million cordobas in which high-level members of the FSLN and the Sandinist administration were involved. Upon reporting this irregularity, the former DGSE agent was reprimanded by the same DGSE officials who had summoned him to a meeting to discuss the Finance Ministry case, at which the Cuban [not further identified] was also present. He was told that the people cited in his report were "FSLN officials who could not be exposed and that the National Directorate would enforce severe sanctions against those corrupt individuals at a later date." They continue to work with the government.

Asked about presumed arms traffic from the FSLN to the Salvadoran guerrillas, Torres recounted the following:

During the early stages of the revolution, in August 1979, the DGSE chief had delivered 400 M-16 rifles and ammunition to the Popular Bloc at a house 1 block south and 200 meters north of the Dorado Cinema. I helped unload the weapons. When Tomas Borge heard about the delivery he went to Ubeda's office and told him angrily that future deliveries would be made through the directorate and not like this one. He also told him that it was a sensitive matter that had to be handled amid extreme security measures.

For his part, Wilford recalled: "During a visit by Commander Manuel Calderon to the 36 members of the F-6C in early 1983, he said that the Managua Government had to give the Salvadoran guerrillas all its moral, political, and military support because its triumph would consolidate revolution throughout the Central American isthmus. The principal contender was Honduras, which would be easily defeated, and Costa Rica would receive socialism "via telegram."

The interviewees stated that the feeling of betrayal of the revolution that they felt is shared by a large sector of the Armed Forces and the Overwhelming majority of the Nicaraguan people.

"We know there is a substantial sector of the Armed Forces that does not support communism," Torres said. "Many Armed Forces personnel are witness to the FSLN crimes against the Nicaraguan people and the Miskito Indians of the Atlantic coast region, but, out of fear, they do not denounce them," Torres said.

"Other sectors of the Armed Forces and the DGSE are fanatical, and these are the people assigned to the most difficult tasks," Torres indicated.

Asked about the percentage of people who would oppose the FSLN, Torres cited 70 percent or more, adding that he based this estimate on his daily contacts

with the people during his time as a DGSE agent and after having returned to civilian life. "It is enough to visit a public place or ride a bus," he said. "In public places we observed true antirevolutionary fervor," he added.

The FSLN leaders know this, and they have openly criticized the lack of interest shown by the CDS [Sandinist Defense Committess] and the Revolutionary Vigilance, Torres noted.

Government workers are forced to attend FSLN rallies, the interviewees said. They said that, just as in Somoza's day, the Sandinists call roll before, during, and after the rallies to measure the degree of support for the revolution.

The controls begin when the people get on the government buses used to transport people to the FSLN demonstrations.

The interviewees said that government workers are now under more pressure than in Somoza's time and that controls are much stricter now.

Asked about the invasion which is the most publicized invasion in history, the interviewees said: "That is a psychological strategy to focus international attention on us by making us alleged victims of a plot and to have an excuse to oppress the people further. However, the FDN [Nicaraguan Democratic Force], ARDE [Democratic Revolutionary Alliance], UDN [Nicaraguan Democratic Union], the FARN [Revolutionary Armed Forces of Nicaragua], and the Miskitos are all Nicaraguans.

With regard to censorship of the daily LA PRENSA, Torres stated that the guidelines are set forth by the "ideological" section, or "F-4," located in the Julian Roque Cuadra Complex in Southern Las Colinas. There a group of six F-4 officers read the newspaper down to the minutest detail before it is published. This section is "in charge" of the Communication Media Directorate, which imposes censorship on the various media.

These six officers, who answer directly to Lenin Cerna, issue the "guidelines" to the Media Directorate.

The two former agents of the fearsome DGSE denounced what they described as "the genocide that state security has been carefully planning against all politicians and figures who oppose the regime.

"Since 1981 they have been preparing a plan called The Revolution's Potential Enemy. This is a long list of people, divided into three stages of enmity. First are the highly dangerous people. This list includes political party leaders, including those of the left-wing parties, the LA PRENSA editorial council, and political party activists. Second are the potentially dangerous people. This list includes all those who in one way or another have publicly voiced their discontent with the revolution criminals, and political prisoners. Third are the people who are uninvolved in politics but who the FSLN considers a silent force of the counterrevolution and the CIA."

Lenin Cerna and Juan Jose Ubeda told us several times at the Julian Roque Cuadra Complex that in the event of an invasion or an escalation of the struggle against the FSLN, all those people on the first and second lists will be executed immediately, while the third group will be detained en masse and put into concentration camps. The DGSE has security officers who will "be in charge" of neighborhoods, communities, and villages if the struggle against the FSLN escalates," the former agents said.

Torres indicated that during a meeting at the Julian Roque Complex, Commander Tomas Borge had said that "those who come and those who are inside Nicaragua--referring to those who oppose Sandinism--will die."

Meanwhile, asked about the number of security agents the state security has, Torres stated that in 1982 there were approximately 4,000 agents, but that he did not know how many there are now. Torres was unable to estimate how many agents operate outside Managua.

"The Nicaraguan people are extroverts, voicing their discontent with the revolution openly. This makes the DGSE's work easy," he said in reference to the list that is being compiled and that will be used when the genocide plan is set into motion.

CSO: 3248/470

NICARAGUA

MANAGUA PLAN FOR CULTIVATION OF VACANT LOTS BEGIN

Managua BARRICADA in Spanish 24 Jun 85 p 3

[Text] The Managua Plan took off with the first rains. This project was conceived by the office of the president of the republic and by the Ministry of Agricultural-Livestock Development and Agrarian Reform in coordination with the Ministry of Housing and Human Settlements and the Junta of Municipal Reconstruction to make use of the unplanted areas of the urban center of the capital for sowing basic grains and planting vegetables and melons for self-sufficiency.

The Managua Plan is the joint effort of small producers--individuals, cooperatives and workers of state institutions--who will work the land, not to achieve total self-sufficiency, but to begin to lessen the dependence of those who live in the capital on other departments concerning food supplies.

Avoiding the Growth of Settlements

While the goal of cultivating foodstuffs will be achieved, the Managua Plan is also intended to halt the emergence of additional spontaneous settlements in the areas susceptible to invasions.

Twenty-three small producers with 630 blocks are involved in the project; they represent 46 percent of the land held. Members of 6 cooperatives with 350 blocks are also participating, with 26 percent of the area.

Some state institutions having vacant lots with agricultural potential will also be active in the production of foods in 200 blocks (14 percent of the total area), as well as some unidentified producers who represent 16.6 percent of the areas to be planted.

Classification for the Green System

In total, 1,095 blocks will be cultivated during the entire year. In the selection of pieces of land, eight sections located at the periphery of the city were classified to conform to the green system. Each one was programmed for the planting of different crops, depending on the quality of the soil, the population conditions, and other factors.

Section One, situated between Portezuelo and Jose Benito Escobar colony and surrounded on its southern part by the Jose Dolores Estrada district is composed of 325 blocks.

On the north highway between la Kativo and La Subasta and south of the highway that goes towards Sabanagrande is section Number Two, formed of lots that total 304 blocks.

Eleven blocks located next to Villa Flor, the property of a farmer, constitute the third section. Section Four, made up of lots whose total area is 277 blocks, is north of the highway to Masaya next to the Colegio Teresiano and to the southwest of Nicaraguan Telecommunications and Postal Services.

Section Five, formed from parcels located between Batahola and 19 de Julio Plaza, and south of the National Autonomous University of Nicaragua and the Cesar Augusto Silva Convention Center, is under cultivation of basic grains and vegetables by 4 individual producers, 3 cooperatives, and 5 state institutions.

Sections Six and Seven are being cultivated to the west of Ticomo, the first with 20 blocks and the second in lots located between the Las Brisas allotment and the Lenin Fonseca Hospital.

Finally, Section Eight was selected in areas north of the commercial center. south of the San Patricio allotment, east of San Judas and west of the South Highway.

Executor, MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] Managua Area

The execution of the plan is being carried out by the Ministry of Agricultural-Livestock Development and Agrarian Reform for the Managua area, which provides technical assistance and orientation to the producers or formal groups. The informal groups will be served by the Program of Popular Mobilization for Self-sufficiency because of its already great experience in the care of family, institutional, and communal gardens.

Regarding yields, plans are to obtain 35 quintals of corn per block where technology is employed, and 20 quintals from traditional lots.

As far as the yield of beans, 12 quintals per block is estimated in the lots handled with technology, for both the first and last crop, and 8 quintals per lot without technology.

Another crop to be harvested is sorghum, whose planned yields per block are between 35 and 40 quintals, as well as 200 sacks of yucca and an as yet unquantified amount of vegetables and melons.

NICARAGUA

22,000 FEWER MANZANAS OF COTTON TO BE PLANTED

PA241345 Managua BARRICADA in Spanish 22 Jul 85 p 3

[Excerpts] During the current production season, 22,000 fewer manzanas of cotton will be planted than during the past season, when 164,300 manzanas were cultivated. Many will ask: Why this reduction at a time when it is necessary to increase the exports of the most important and profitable product for the country?

First of all, 60 percent of all machinery and equipment, 100 percent of the cotton harvesters and gins, and a considerable portion of the materials used to cultivate cotton are of U.S. manufacture. This huge dependency explains the strong impact of the economic blockade imposed on Nicaragua by the Reagan administration.

In addition, in its search for self-sufficiency in food, the government has determined to designate irrigation areas formerly used to plant cotton for the cultivation of basic grains. Lands turned over to Masaya peasants some time ago were also designated for basic grain cultivation.

Today, Monday, Francisco Lacayo, MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] delegate to Region 2, Alvaro Fiallos, MIDINRA director for cotton, and Chinandega and Leo producers will analyze the situation of the current production season and the effects of the imperialist blockade on cotton production.

The reasons for the current, more conservative planting policy is also explained. This policy, however, also seeks to raise production through the intensive use of all available resources of equipment, machinery, crop-dusting planes, and raw material.

Several producers interviewed told BARRICADA they are keeping to their planting schedules, determined to overcome obstacles in order to guarantee a good crop. The prices guaranteed and the new cash incentives announced by Jaime Wheelock, MIDINRA minister and commander of the revolution, seemed to reaffirm an already existing willingness to continue fulfilling the patriotic duty of production.

The Situation During the Current Planting Season

Despite the fact that cotton planting has been delayed in Region 2 due to draught, the yield will not be affected provided the rainy season continues normally, as the latest rains seem to indicate, Lacayo said.

Nevertheless, the "other drought"--as a Chinandega producer described the repercussions of the imperialist blockade--in the supply of equipment and materials does present a challenge for the state and the producers who, despite everything, are determined to guarantee the 142,000 manzanas of cotton planted during the current season.

In view of the situation brought about by the blockade, the current policy is to reduce the extension of the area planted with cotton. This reduction will make it possible to handle fields better and get better results, as well as to designate a larger area to the production of food, Lacayo said.

He said that although the blockade has hit the producers' economies hard, they have not been discouraged, but rather seek alternate means to go on working. One of these alternate means is the planting of corn or sorghum, the producers of which will also get incentives, as Wheelock announced recently.

Lacayo added: "We want to produce sorghum or corn so as not to have to import them and also to reduce the pressure on cotton generated by the blockade that will affect harvesters and farming machinery."

Until last week about 22,000 manzanas of land had been planted with no serious material problems.

Fiallos also discussed the problem of spare parts for the crop-dusting planes and said that 83 percent of the 164 crop-dusting planes are of U.S. manufacture. He reported, however, that a number of spare parts that arrived late last year have been in use and that imports of spare parts have been negotiated for the Cessna aircraft, as well as Polish engines for Trush and Grumman aircraft.

Fiallos also said: "Twenty new Polish aircraft will be operational in Nicaragua this year. We don't expect too much difficulty because a reduced area will be planted. An effort will also be made to find alternate solutions for the pest-control problems of small farmers."

Asked about spare parts for agricultural machinery and cotton gins that depend almost completely on U.S. technology, the official did not appear too concerned. He said imports were carried out through the triangular method, that is by purchasing U.S.-made spare parts from third countries.

Through the government efforts and the willingness to produce despite the various obstacles, the big farmers this year will plant 70,000 manzanas with cotton, while the state sector and the cooperatives will each plant 35,000 manzanas, for a total of 70,000.

Guaranteed Prices and Production Incentives

According to Lacayo, producers feel safe with the base price of 5,200 cordobas offered by the government for each quintal of cotton. This price would be adjusted according to calculations at the end of the season.

Lacayo also said that in the next few days incentives related to the production indexes obtained will be discussed with the producers, considering the various areas of the country and their agricultural and ecological characteristics.

"Last year the prices helped pay the unpaid balances of most producers, who were able to pay back all or nearly all of their debts to banks," the MIDINRA delegate added. Finally, he said that producers can now make the necessary transactions for availability certificates for the 82-83 season, which are still pending.

CSO: 3248/470

NICARAGUA

BRIEFS

AUSTRALIAN MILK DONATION--A total of 1000 cases of milk, equivalent to 6000 kilograms, was donated by the people and Government of Australia to the Nicaragua Institute of Social Security and Welfare for the fund for war orphans. The valuable gift was turned over by the ambassador of Australia, Mr. John McCarthy, to the minister of the NISSW, companion Reynaldo Antonio Tefel, indicating that this small but significant contribution is destined for the poor children of Nicaragua. The ambassador stressed: "We will also make a donation of 20,000 dollars to the Ministry of Foreign Cooperation, to be spent on war orphans." Despite the distance, the Australian people are interested in what is happening in Nicaragua, added the diplomat, indicating that for a year his country has been cooperating with ours, and has provided financial aid in the amount of 150,000 dollars. The minister of the NISSW expressed his appreciation for the show of solidarity of the Australian people and government toward Nicaragua and its revolution, in spite of the distance between both countries. He noted that this aid demonstrates that the Sandinista revolution is not alone and that this is an implicit rejection of the outrageous aggressions of the Reagan administration. Finally, minister Tefel gave ambassador McCarthy a document which relates the suffering of the children in Nicaragua because of the criminal war that the North American administration is promoting against the Nicaraguan people. [Text] [Managua BARRICADA in Spanish 13 Jun 85 p 8] 12467

SOVIET FOOD, MEDICINE DONATIONS--A very important donation, consisting of 5 tons of medicine, 25,000 cans of fish, 10,000 cases of evaporated milk, 200,000 student notebooks, 25,000 small boxes of coloring pencils, and more than 50,000 graphite pencils, was made today in Corinto by the Soviet Committee for Solidarity with the Peoples of Latin America and by the Soviet Fund for Peace. The gift was made at the port, where the ship "Novovolinks", which had brought the merchandise, was docked. The gift was turned over by Thomas Grigoryev, secretary of the directorate of the Soviet Fund for Peace, to companion Silvia McKewan, president of the Nicaraguan Committee of Solidarity with All Peoples. The donation, worth 100,000 rubles (150,000 dollars) is for the Augusto Cesar Sandino Foundation, the Nicaraguan Committee of Solidarity with All Peoples, and the Nicaraguan Committee for Peace. On receiving in Corinto this donation from the people and government of the Soviet Union, comrade McKewan said: "We know that the solidarity that the Soviet people, party, and government offer us today will strengthen us even more, will give more vigor to our people, who shall never kneel, and we will continue to carry out the great tasks of defense and

production." For his part, ambassador Guerman Shliapnikov said to BARRICADA: "We feel proud because it is the expression of solidarity of peoples with peoples, in this case with the people of Nicaragua, who are fighting heroically for their independence, for their sovereignty, for their liberty. [Text] [Managua BARRICADA in Spanish 6 Jun 85 p 7] 12467

FINLAND DONATES MILK TRUCKS--A donation consisting of nine vehicles, valued at 120,000 dollars, was given to the Nicaraguan Enterprise of Lactic Products by Antti Rouhu, coordinator of the Nicaragua-Finland Project of Cooperation in the Milk Sector. The vehicles, which will be distributed to different units of milk storage plants, were received by the deputy director of the NELP, Roger Bonilla Martinez. Bonilla explained that the donation is part of the first phase of the Nicaragua-Finland Project, which consists of restoring and maintaining the equipment of the four milk plants of Nicaragua, which are: La Perfecta, La Completa, Eskimo, and La Selecta. For this purpose Finnish advisors will come to this country, and officials and workers of the national milk industry will visit Finland. Within the first phase is contemplated the installation of a complete set of pasteurization equipment and the importation of spare parts and equipment. The total cost of the aid in this period will be 2.9 million dollars. The second stage of the project will consist of the construction of a single milk plant, which will be located in region II, where one of the largest amounts of milk is stored. In this same period the Chiltepe Project will be producing at the maximum, which will permit the milk producer to be joined to the processing plant. [Text] [Managua BARRICADA in Spanish 1 Jun 85 p 8] 12467

CSO: 3248/446

PERU

CHANGE OF VENUE, NEW TRIAL RECOMMENDED IN UCHURACCAI CASE

Lima EL COMERCIO in Spanish 7 Jul 85 p A-4

[Interviews with Dr Pedro Mendez Jurado, criminal attorney general; and Dr Jose Santos Chichizola, a professor of criminal law; author, date, time and place not given]

[Text] Attorney General

"Pursuant to Law 23-414, we have instructed the provincial prosecutor of Ayacucho, Dr Oscar Guerrero Morante, to take the necessary steps for a change of venue in the Uchuraccai case," said Dr Pedro Mendez Jurado, criminal attorney general.

[Question] What does that mean?

[Answer] That the oral evidence phase of the proceeding should take place in another city.

[Question] What grounds are there for leaving Ayacucho and coming to Lima?

[Answer] In Ayacucho there is no guarantee of the defendants' safety, nor are there facilities for obtaining new evidence or a psychological climate free of tensions and pressures so that the magistrates could evaluate the evidence appropriately. In other words, the minimal conditions for guaranteeing the proper, speedy and effective implementation of justice are lacking.

[Question] Were there problems in producing witnesses?

[Answer] The environment is hostile. To reach Uchuraccai, it is necessary to travel part of the way in automobiles; then one must finish the journey by mule or on foot. A helicopter would be the ideal way to travel, but the authorities have not provided this transportation to the judges or to witnesses.

[Question] Are there procedural defects?

[Answer] As for the procedure itself, I see no major flaws. I am referring to the climate of terror, of tension, in which the magistrates must operate.

[Question] What is the most important evidence in this trial?

[Answer] The witnesses' testimony. There are key witnesses who have not been questioned because there was no means of finding them and transporting them.

[Question] Is the change of venue to Lima already decided?

[Answer] The public prosecutor of Ayacucho must move for a change of venue; the court in that city must rule on the motion and then the full Supreme Court must review the case. The latter has the final say. It does not necessarily have to be in Lima.

[Question] As criminal attorney general, what is your opinion of the significance of the Uchuraccai case?

[Answer] Homicide is the most serious of all crimes. In this case, the victims were eight journalists who were carrying out their duty by reporting on cases of terrorism. We must explain the circumstances under which humble people such as the villagers of Uchuraccai attacked people who at no time assumed a threatening or violent attitude toward the perpetrators. At no time did the journalists exhibit any belligerent or threatening behavior.

The incident has had world-wide repercussions. All this lends the trial special circumstances that prompted us to request that the oral evidence phase take place in another setting that will enable justice to be carried out effectively.

[Question] There are just three defendants. Are they all . . . ?

[Answer] There are twelve defendants, but nine have disappeared. It is said that they are in neighboring communities. It is rumored that some of them have been murdered, but all of this must be proven.

[Question] Who can provide the information?

[Answer] The police, the armed forces . . .

[Question] Was the cooperation of these entities requested in a timely manner?

[Answer] Yes, but the response was not very effective . . .

[Question] Are the three defendants the perpetrators . . . ?

[Answer] The oral trial will determine the extent of their involvement. One of them admitted his guilt at first, but then denied it.

[Question] What is the importance of the Vargas Llosa Commission?

[Answer] Its members are not witnesses; they did not see the commission of the crime. They came along later, and they are relating what they were told. More importance has been attributed to them than they warrant. For that

reason, I insist that the oral evidence phase should be conducted in a calm atmosphere by experienced magistrates, so that the evidence can be examined and its true significance can be determined.

[Question] Aren't the magistrates of Ayacucho qualified?

[Answer] They are experienced judges. What I mean is that third parties have not cooperated with them, that the environment in which they are working is not appropriate, that in the city and its surroundings there is a combination of circumstances that has created a climate of tension and terror which makes difficult, if not impossible, a proper trial. The magistrates are not being called into question; it is the surroundings, the environment and the general administrative situation that are being questioned.

[Question] How long has the oral phase lasted in Ayacucho?

[Answer] Fifty-three hearings have taken place over a period of 6 months. During this stage, the Vargas Llosa Commission testimony was entered into evidence. That evidence was not part of the pretrial phase.

[Question] According to Public Prosecutor Oscar Guerrero, the three peasants who were arrested are innocent, and that is why charges were dropped . . .

[Answer] This situation should be evaluated by the court, not the public prosecutor. When the court called upon another prosecutor to file charges, it was unaware of recent changes in the law. Therefore, when it became aware of this problem, it sent the case to the Criminal Attorney General's Office.

[Question] Do you state in your Resolution that there are no guarantees in Ayacucho?

[Answer] I state that the court, the Public Ministry, the defendants and other people involved in the trial must be given the guarantees and protections that any proceeding requires. This is especially true in the case of an oral trial that, due its very nature and form, has aroused interest far beyond our own borders, given the circumstances under which the homicide was committed and the characteristics of the victims and the perpetrators. That is why the venue should be changed to Lima.

[Question] On a previous occasion that motion was denied . . .

[Answer] The circumstances I have pointed out were not considered. The case was not properly presented at that time. The Supreme Court should take into account new facts that have arisen.

Professor Jose Santos Chichizola

[Question] What do you think of Criminal Attorney General Mendez Jurado's opinion that the oral evidence phase of the Uchuraccai trial should take place in Lima?

[Answer] I think it is correct.

[Question] Are there precedents?

[Answer] Many. In Huaraz there was a famous case in which a judge had an interest in the outcome. The trial was moved to another place. The people involved were prominent in that city, and the trial had to be moved to another location to free the judges of the surrounding psychological pressure.

Everywhere--in the United States this happens often--an effort is made to find a place where there is no racial prejudice, for example, when there are criminal cases involving that problem.

[Question] If the Supreme Court removes a member of a Correctional Court for 6 months, what must be done procedurally?

[Answer] The court is incomplete and must call in another member to have a full complement of judges.

In the case in question, however, the public prosecutor must challenge the jurisdiction of the court. The Supreme Court, acting in open court, pursuant to law, must resolve the issue.

[Question] Meanwhile, does the proceeding grind to a halt?

[Answer] Yes.

[Question] Suppose that the oral trial has come to an end and the court is ready to pass sentence. But its chief justice has been suspended for 6 months because of a penalty. Another judge is called in to complete the court. Does the sentencing take place?

[Answer] No, the incoming judge is unfamiliar with the case. The oral phase must be repeated.

[Question] Only the oral phase; the pretrial phase is valid. Is that right?

[Answer] Yes, only the oral phase of the procedure . . .

[Question] If the Supreme Court orders the change of venue, for example, so that the procedure can continue in Lima, is the oral phase begun again?

[Answer] The oral phase begins again.

[Question] Can the proceedings that were not carried out correctly in the pretrial phase be heard?

[Answer] The court can hear evidence that it considers indispensable.

State of Emergency

[Question] Doesn't the State of Emergency in Ayacucho change judicial procedure?

[Answer] Not at all. Justice must inexorably follow a certain procedure.

[Question] Do the military authorities who are in charge of Ayacucho have an obligation to facilitate certain procedures?

[Answer] They are obligated to provide all kinds of facilities for the investigation of the criminal act, and therefore, for the effective implementation of justice . . .

[Question] According to the attorney general, some procedures have not been carried out, such as the subpoenaing and transporting of witnesses, because the military or police authorities did not cooperate. If the oral phase is repeated in Lima, can these procedures be carried out?

[Answer] All those that the members of the court feel are indispensable for the best elucidation of the facts.

Disturbing Theory

[Question] Did the Uchuracai case start out well, judicially?

[Answer] I have not been involved in any phase of this case. I know the facts only from press accounts.

[Question] You are a very learned professor. You cannot refuse to give us an opinion. From what you know, . . . did this case start out correctly, in judicial terms . . . ?

[Answer] No. The appropriate judicial authority was not present at the exhumation of the bodies. It was a media event, a publicity stunt, not a judicial procedure at all.

[Question] What should have been done . . . ?

[Answer] The bodies were found buried in nylon bags.

At the time of exhumation, a record should have been kept and the testimony of those present should have been taken right there.

Villagers do not use nylon bags to bury their dead.

[Question] What is your theory . . . ?

[Answer] That the bodies were buried on orders from a military judge, for example.

[Question] Your theory is very interesting. What led you to formulate it?

[Answer] When there is a state of emergency, the military authorities take very quick action. For example, during the serious disturbances that took place on 5 February 1975, there were many dead in the streets of Lima. The

trial judges did not take action to order the collection of the bodies. They were gathered, autopsied and buried on orders from military judges.

For this reason, I think judicial procedures that no one knows about were carried out in Uchuraccai on orders from special judges. This does not mean I am insinuating that military or police officials committed the crime; I am saying that special authorities may have learned of the events before the arrival of the press and before the exhumation of the bodies.

[Question] Could much evidence have been lost . . . ?

[Answer] It is obvious that fingerprints were wiped off, and evidence that could have been crucial was lost. The initial procedure ended up in a press conference . . . incredible!

[Question] In short, is Attorney General Mendez Jurado's position correct?

[Answer] In my opinion, it is. The case should be heard in another city, and the oral phase should be repeated.

8926

CSO: 3348/803

PERU

WEBB: NATION FACES 4 GREAT ECONOMIC CHALLENGES

Lima EL COMERCIO in Spanish 7 Jul 85 Domenical pp 4-5

[Interview with Dr Richard Webb, president of the Central Reserve Bank, by Manuel Cisneros Milla; date, time and place not given]

[Text] [Question] What are the challenges that the Peruvian economy faces in the next 5 years?

[Answer] I can name at least four major challenges. The most urgent one is undoubtedly curbing this inflation, which has attained high levels and is also showing signs of continuing to rise. This is clearly a firmly rooted inflationary process that is transmitted in a variety of ways which go beyond the purely monetary factor.

Stopping an inflation of this dimension has always been a particularly difficult challenge. We see that many countries that are suffering from the same problem as we are have been unable to get it under control yet.

[Question] What are those other factors that are fueling the flames of inflation?

[Answer] I could point to two, essentially. The speed with which money circulates is one of them. Although it is a monetary issue, it is not related to the amount of currency that is printed, but rather to the frequency with which that currency is used. This speed, in turn, responds to a variety of factors. The main one is the loss of confidence in the value of money and in the government's credibility, which leads to the rejection of the national currency and the flight to alternative means of payment or savings. The most readily available option is dollars, but the purchase of real estate and other goods is also a possibility. It should be noted that this increasing speed has the same effect as an unbacked currency issuance, the improper use of "the little machine," except that this speed is not directly controlled by the state through its Central Bank. It is fundamentally a psychological phenomenon rooted in the loss of confidence.

The other factor I will cite as a spur to inflation is that of costs, because there is clearly a vicious circle of rising production costs and increases in the prices of finished goods. Many prices of factors of production are controlled by the government, such as the interest rate, energy and foreign

exchange. A rise in the prices of these factors as a function of inflation ends up having an additional impact on inflation itself, then, and thus we have a vicious circle that is difficult to break in the short term. Therefore, the loss of confidence and the increase in costs are the two principal inflationary elements I would point to that have nothing to do with the printing of money.

[Question] What are the other three challenges?

[Answer] The second is that of revitalizing an economy plagued with financial imbalances. Nearly every sector of the economy is suffering from this financial imbalance today. It is reflected in inflation; in the external sector, in the form of a balance of payments that is so out of kilter that we have been unable to pay the foreign debt; in the public sector deficit, which is still high, although happily it has been reduced substantially in the past 6 months; and in the business sector, which is suffering from an excess indebtedness that is even preventing normal operations in many cases.

Thus, there is a context of widespread financial imbalance, although it is clear that revitalizing an economy requires a significant level of demand. There is a great deal of idle capacity in the economy, a recessive situation in which current productive capacity is not being utilized. Businesses are not producing more because sales are down; there is no market for their products. In other words, there is a lack of effective demand. But how can we boost demand without throwing the economy even further out of balance? How can government demand be increased without aggravating the budget deficit? How can demand be spurred among the general public without raising wages and thus disrupting businesses' finances? How can external demand be expanded when our exports are in a slump, and the prices of our export products are still low? These questions illustrate that there is no simple solution at hand to alleviate this situation.

The third challenge is to achieve synchronized growth, externally and internally. It is not a question of choosing between opening or closing the economy, but rather of bringing about a growth process in which we simultaneously boost our exports and reduce our current dependency on imported inputs and imports in general. In both cases, we must learn to fend for ourselves, or make better use of the country's resources, both to conquer external markets and to encourage the consumption of national products.

Finally, there is one challenge that I regard as the most complex; it goes beyond the strictly economic sphere. It is the challenge of integrating the economy. Achieving that integration is a challenge of a highly political and social nature. This problem has two main aspects. One is the reduction of the extreme dualism of the economy, which is always noted these days when the informal or illegal sector of the economy is discussed. This structure is damaging to both sectors: The formal sector runs up against excessive obstacles posed by the state; and the informal sector operates without the incentives and benefits offered by the state, and must deal with its own problems of irregularity and illegality.

This structure is responsible for the general inefficiency of the economy, and ultimately has social implications, since it contributes to the lack of social integration.

The second aspect of this lack of integration is the extreme poverty that is suffered by many people in this country alongside a comfortable minority and another, larger sector of the population that is poor but not hungry. A significant portion of the population does indeed suffer from hunger; its needs are not met by the state, and it does not derive much benefit from the country's economic system. The challenge consists of helping the state reach this population, first of all, and secondly, helping the market benefit it somehow. In short, this challenge requires more than mere economic tools; it requires a reorientation of policy and, I would say, of the values and attitudes of the population as a whole. These are what I consider the key challenges of the coming years.

[Question] Why don't you consider the payment of the foreign debt another key challenge?

[Answer] Because I regard this as a secondary matter, an aspect of financial management that is just one more element of the problem, not an end in itself.

[Question] Very briefly, could you explain how these four major challenges can be met?

[Answer] I think there are various alternatives in each case, and I do not have simple recipes . . . But I will try to suggest a few ingredients.

In the case of inflation, I must refer to what I have written on several occasions. I believe that the key lies in applying the brakes simultaneously to the different engines that are driving this inflation. It is not enough to stop just one of these inflationary mechanisms. The monetarist recipe, for example, would curb the printing of money alone; but it is obvious that in our current situation, that would not be enough, given the strength of the other factors. It is necessary to reduce simultaneously the monthly adjustments of controlled prices, the devaluation, interest rates, and to the extent possible, the other prices subject to state controls. An extreme version of this kind of program has just been applied in Argentina, where the printing of money, prices, and wages have all been frozen simultaneously. Intermediate, less drastic versions could be imagined, but in any case the key is simultaneity, an attack on all fronts at once.

As for the second challenge, I see an even more difficult technical problem. We need a recipe that somehow combines Keynes and Friedman, that entails the necessary expansion of demand along with financial discipline. I think that the answer lies in non-traditional exports, which would enable us to expand the supply as a function of external demand, and at the same time help reduce the deficit in the balance of payments without creating financial problems for the treasury or for businesses. Any reactivation program under the present circumstances has to be based on a major expansion of new exports, but I recognize that this is not enough. Most of the country's productive capacity is geared to the domestic market. A rapid increase in new exports is crucial,

however, for generating the foreign exchange necessary for the overall revitalization of the economy. The economic recovery should not be thwarted by a lack of foreign exchange, as has been happening for the last 10 years.

Regarding the third challenge, that of simultaneous growth externally and internally, there are a variety or a wide range of available tools that could be oriented toward expanding exports and curbing imports at the same time. I think it is not necessary to go into detail, because these are well-known instruments. They should be applied more vigorously than they are now, however.

Finally, with respect to economic integration, it is my view that the key to reducing this duality lies in a less interventionist and more realistic government attitude toward productive activity. I am not proposing mere liberalism, or even the elimination of important and necessary state participation. The multiplication of regulations and controls ends up achieving the opposite effect of what is sought. Excessive controls ultimately exacerbate the disparities that technology and geography create anyway.

As for the second aspect of the lack of integration, the existence of extreme poverty, government action and the operation of the economy must be reoriented toward promoting the well-being of impoverished groups. We must begin with a change in attitude on the part of the entire population, especially the bureaucracy. Some indispensable policies would include a health system aimed much more at preventive medicine, and a development credit system geared to the non-coastal small business and rural sectors. As far as the reorientation of the economy is concerned, the agrarian sector must be given top priority. These are the principal ingredients I would suggest for facing these challenges.

8926

CSO: 3348/803

PERU

BRIEFS

1986 RESEARCH ROCKET LAUNCHING—Next summer Peru will launch an unmanned rocket into space for meteorological research purposes. The rocket was designed and built by Peruvian specialists and scientists on the basis of material that was released by the military because it was technically unnecessary. The rocket, which should reach an altitude of 50 kilometers, is part of Project Eolo, which was planned and executed by the National Aerospace Development Commission (CONIDA), reported that institution's director general, Ricardo Coloma. He indicated that the modern device will measure temperature, humidity, atmospheric pressure (maximum and minimum), and wind velocity and direction, and will study fog and optical turbulence. The rocket will be launched from Punta Lobos, 70 kilometers south of Lima (Pucusana). The research is being carried out jointly by CONIDA, the National Agrarian University School of Physics, and the National Service for Meteorology and Hydrology (SENAMET). To track the rocket, which will have to be approximately 3.80 meters long, CONIDA has a radar outfit donated by NASA. The radar equipment, known as MPS-19, has a maximum range of 400 kilometers. It is valued at \$250,000. According to the design, the rocket will have two parts. The first, which will weigh 80 kilos, will separate at an altitude of about 12 kilometers. The second will weigh 30 kilos, and will carry the payload (the measuring instruments). It will reach an altitude of 50 kilometers and then fall into the ocean. It is non-recoverable. The results of the measurements will be used in agriculture, highway construction, fishing and other fields. The launching has been under study since 1983, but it was postponed for lack of resources. Coloma stated that this time the project could be killed if the authorities at the Ministry of Economy and Finance do not approve a disbursement of 1 billion sols. This figure is a small amount when one considers the tremendous usefulness of the project. [Text] [Lima EL COMERCIO in Spanish 7 Jul 85 p A-1] 8926

REPORT PROPOSES MINERALS EXPLOITATION—Peru possesses vast mineral riches, and should promote the development of non-metallic minerals such as coal (which could replace oil imports) and phosphates. It also has strategic minerals such as tungsten, molybdenum, tin, cobalt and uranium. This is stated in a report on mining in Peru, which was published in the latest issue of the magazine EXPANSION. The publication, put out by the Financial Development Corporation (COFIDE), notes that the country also possesses major reserves of lead, zinc and silver, which are distributed in polymetal deposits. According to the study, Peru has one of the greatest potentials in the world for mineral

development, considering its territorial surface. This wealth has been developed only on a very small scale, however. The study states, for example, that the volume of copper reserves totals 32 million fine metric tons, of which only 1.3 percent has been exploited. Eighty-six percent of current national production of this metal is concentrated in Moquegua, Tacna, Arequipa, Lima, Junin and Huancavelica. As for lead, with reserves of 4 million fine metric tons and a 4 percent development level, 71 percent of production is concentrated in Junin, Pasco, Huancavelica, Huanuco, Ancash, Lima and Arequipa. The publication also analyzes the situation and prospects of the world market for the principal metals. It points out that because mining is tied to the foreign market, it is going through a critical phase characterized by a decline in demand and in the prices of the country's mineral exports. It notes that the contraction of consumption and the consequent increase in inventories of most metals between 1980 and 1983 drove down the prices of these products, with the exception of zinc. The second edition of EXPANSION also includes a proposal on the creation of a mineral prospecting fund and a complementary program to support small- and medium-scale mining. [Text] [Lima EL COMERCIO in Spanish 6 Jul 85 p A-10] 8926

CUZCO HYDROELECTRIC CAPACITY EXPANSION—President Belaunde today will inaugurate the newly expanded Machu Picchu Hydroelectric Plant and other related projects. This marks the end of the first stage of the Cuzco Regional Electrical System, which will meet the electricity needs of 90 percent of the towns in this department. Spokesmen for the Peruvian State Electrical Power Enterprise (ELECTROPERU) indicated that so far \$126 million (approximately 1,403,640,000,000 sols) has been invested in this electrical system, and that its operation will promote the well-being of approximately 300,000 residents. They added that the project will reinforce the region's industrial and mining development. In the next few days, the copper deposit in Tintaya will begin receiving 12,000 kilowatts from the Machu Picchu Hydroelectric Plant. They reported that the other major project in the large Cuzco Electrification System, which Belaunde Terry will also inaugurate today, is the 138-kilowatt transmission line, which stretches 300 kilometers between Machu Picchu, Quenecoro and Tinataya. As for the plant expansion, they stated that the president will turn on the first generator group, which has a capacity of 23,300 kilowatts. They added that at the end of the year, the Machu Picchu plant will have a capacity of 110,000 kilowatts, because in September and December two other similar groups will begin operations. [Excerpt] [Lima EL COMERCIO in Spanish 6 Jul 85 p A-16] 8926

CSO: 3348/803

TRINIDAD AND TOBAGO

MANUFACTURERS OFFER PLAN TO HELP SALVAGE CARICOM

Port-of-Spain TRINIDAD GUARDIAN in English 11 Jul 85 p 3

[Text]

THE TRINIDAD and Tobago Manufacturers' Association has endorsed the bilateral approach to solving the problems of Caricom as adopted by this country at the recently-concluded Sixth Heads of Government Conference at Sam Lord's Castle, Barbados.

TTMA, which took part in Carimex '85 through 30 of its members, reiterated four proposals it feels would strengthen Caricom: a regional negative list; currency alignment; revision of the Rules of Origin; and establishment of regional industries.

The Association emphasised further that bi-lateralism was supposed to be an interim measure only, to free Heads of Government to concentrate on the fundamental problems of Caricom.

"This position reflects the view that problems which appear to be intractable on a multi-lateral basis, may be amenable to solutions on a bi-lateral basis," TTMA said.

It noted that at the three previous conferences, the emphasis was placed on an examination of the effects of the perceived problems and the development of measures to alleviate these effects. This approach, TTMA said, had little success.

"Further, under the influence of internationally sponsored programmes of assistance and IMF dictated policies, some territories of the region are being forced to dismantle the basis of the regional movement," TTMA argued. "Deregulation policies and encouragement of minimal manufacturing operations which do not meet Area Origin Criteria are now in vogue."

The TTMA, after critical examination of the trade problems existing with individual countries in the region, concluded that the

Caricom Treaty should be revised. In particular, it said, the categories of classification upon which requirements are based are inapplicable.

BRUNT OF BURDEN

In that context, Jamaica, Guyana and Trinidad and Tobago, had been classified as More Developed Countries and were expected to bear the burden of harmonisation," TTMA indicated.

"In today's conditions, Jamaica and Guyana can no longer meet their obligations under the Treaty. Trinidad and Tobago is now faced with a declining economic position and cannot therefore be expected to bear the brunt of the burden of harmonisation on its own."

The instruments of trade liberalisation, included in the Treaty, TTMA noted further, are inadequate to maintain acceptable trade levels and should be strengthened.

The TTMA suggested that priority be given at the Seventh Heads of Government Conference to a regional negative list, currency alignment, a revision of the Rules of Origin, and the establishment of regional industries.

"Specific position papers thereon should be developed by the Caricom Secretariat," it said. "Specific strategies for continuation of trade at the maximum feasible level would continue to be negotiated on a bi-lateral basis pending review of the Treaty."

TRINIDAD AND TOBAGO

SMALL BUSINESSMEN DISCUSS JOINT VENTURES WITH VENEZUELA

Port-of-Spain TRINIDAD GUARDIAN in English 17 Jul 85 p 4

[Text]

A THREE-MEMBER Small Business Federation trade mission has returned from a week-long tour of Venezuela with offers of joint-venture projects, the most immediate of which, is for the manufacture of sports shoes.

Mr. Syd Brathwaite, President of the SBF, made the announcement at a Press conference held at SBF headquarters, Stanmore Ave, Port-of-Spain. The trip was sponsored by the Venezuelan Embassy.

The Vice-President of Camara Venezolana de Industriales Del Calzado, manufactures of sportswear, met with the SBF President, and agreed to underwrite the cost of a feasibility study to set up the project.

The Venezuelan company also agreed to establish a training programme at its factory for Trinidad and Tobago nationals but on a government-to-government level.

The company is further willing to have the SBF import a trial order of sports shoes and football boots for the local market to facilitate the feasibility study.

The SBF signed an agreement with the Chambers of Small and Medium Industrialists of the Federal District and the Sucre District of Miranda State, to promote trade development and joint ventures.

A mixed commission was created which will exchange relevant information and promote trips and visits for the fulfilment of objectives.

Mr. Brathwaite said Venezuela was interested in importing teak, fibreglass and raw material from this country unavailable there.

Venezuela again invited this country to take up a \$1 million line of credit, to buy Venezuelan goods. The Venezuelans want the facility to be reciprocal.

In addition the Venezuelan Export Corporation said it would be advantageous to both Governments to formally establish Guiria and Cedros as trading posts. To this effect, Mr. Brathwaite said, Venezuela was willing to make the cold storage facilities at Guiria available to Trinidadians trading in the area.

"They would also like to see a large warehouse set up in Cedros for traders to store bulk-purchased goods from Venezuela for sale to other Caricom members as a joint venture project," he added.

CSO: 3298/906

16 August 1985

TRINIDAD AND TOBAGO

TEXTILE IMPORTERS CRITICIZE GOVERNMENT LICENSE SCHEME

Port-of-Spain TRINIDAD GUARDIAN in English 17 Jul 85 p 4

[Article by Jerry Johnson]

[Text]

THE TRINIDAD and Tobago Textile Association (TTTA) has charged that the decision by the Ministry of Industry and Commerce to deny approval of new licences for textile importers has crippled the fabric trade in this country.

"During February, March, April and May, the vast majority of licences issued for the importation of fabrics had expiry dates of July 31, 1985," the TTTA told Senator Wendell Mottley, Minister of Industry and Commerce, in a letter dated July 1.

"Within the last three weeks no licences have been returned to those who submitted them. In fact we have been told by the licensing officer that no new licences are going to be issued."

The TTTA said its members sought amendments to their July 31 licences to accommodate expected arrivals of goods but no such amendments were forthcoming.

The procedure for importation, the TTTA told Senator Mottley, required the granting of licences by the Ministry, followed by the submission of these licences to the Central Bank with the required ECO forms.

Once approval was obtained, a letter of credit had to be established at a local bank. Only then the buyer could place an order. The entire process in most cases, the TTTA said took at least six months.

"In effect, then, Senator Mottley, your Ministry's actions as outlined have successfully crippled the fabric trade in this country at a time when all businessmen are planning ahead to accommodate consumer needs during the Christmas season," the TTTA later sated.

It added that TTTA wrote the trade officer, fabric division, of the Ministry, asking for an explanation and reminding that its members had millions of dollars invested in real estate and stock. In addition they had commitments to bankers, suppliers, and more importantly, employees.

The letter to Senator Mottley also stated that it was by eliminating waste and cutting profits they were able to fulfil the population's needs as well as maintain the 1,600-plus employees directly employed in the fabric shops, not to mention the thousands employed in the cottage industry.

"However, should your Ministry persist in arbitrary licensing procedures, then the members of our association would have no choice but to commence massive lay-offs and possible closures," TTTA said.

It was not a pleasant prospect during a period of high unemployment, the TTTA wrote, but the importance of continual supplies must be appreciated, especially when there were no viable and tenable substitutions.

The TTTA said its worst fears were that new moves were being made by the local textile company to secure a quota, which amounted to a monopoly. The TTTA said it was firmly against that move, especially since the textile company was doing little or no manufacturing.

A source from the Ministry of Industry and Commerce said: While there is no ban on licences for textiles, the whole matter is under "very very active scrutiny to be quite frank. It will be a couple of days before something definitive is announced. There are two operational methods relating to licences. One is a ban and the other is the withholding of licences until a matter can be crystallised."

RETRENCHMENT

TRINIDAD AND TOBAGO

BRIEFS

MINISTERIAL APPOINTMENTS--PRESIDENT Ellis Clarke has made several appointments for Ministers to serve in other offices during the absence from Trinidad and Tobago of the Prime Minister, Mr. George Chambers, and a delegation who are on an official visit to London and the Far East until August 5, 1985. Mr. Kama-luddin Mohammed, Minister of Agriculture, Lands and Food Production, has been appointed to act as Prime Minister. Senator Anthony Jacelon, Minister in the Ministry of Finance and Planning, has been appointed as Minister of Finance and Planning. Mr. Overand Padmore, Minister of National Security, will act as Minister of External Affairs during Mr Errol Mahabir's absence. Mr. Ronald Williams, Minister of State Enterprises, has been appointed to act in the office of Senator Wendell Mottley, Minister of Industry, Commerce and Consumer Affairs. Mr. Wilbert Winchester will act temporarily as a Senator during Senator Mottley's absence. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 17 Jul 85 p 3]

TRINTOC DEVELOPMENTS--THE CHAIRMAN of Trinidad and Tobago Oil Company (Trintoc) yesterday announced the composition of the company's new management structure and disclosed that land production of crude has increased by 1,000 barrels per day since the acquisition of Texaco's assets. Mr. Andrew Rose made the announcement at the first meeting of the Board with Mr. Patrick Manning, Minister of Energy and Natural Resources, at the Minister's office, Salvatori Building, Port-of-Spain. And at the last meeting, it took a decision on how the company should be structured. The Board divided the company into the following: (1) Exploration and Production: This division will include all the land and offshore acreages. It will be headed by Mr. Wayne Bertrand, the former Exploration Manager of the Old Trintoc. (2) Manufacturing: Mr. Ben Dash, the Refinery Manager at the old Texaco, will manage this division. It will include the Pointe-a-Pierre and Point Fortin refineries and the petro-chemicals facilities at Pointe-a-Pierre. (3) General Engineering and Technical Services. (4) Marketing: Mr. Barry Barnes is the Marketing Manager, retaining his old Trintoc position. (5) Finance and Corporate Planning: Mr. Ken Augier, Financial Comptroller, Texaco, will head this division. (6) Legal and Estate Services: (7) Administrative and Personnel Services. [Excerpts] [Port-of-Spain TRINIDAD GUARDIAN in English 17 Jul 85 p 16]

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16 August 1985

URUGUAY

BROAD FRONT MOVES TO RESTRUCTURE POLITICAL ORGANIZATION

Montevideo BUSQUEDA in Spanish 4 Jul 85 p 12

[Article by Miguel Arregui]

[Text] Some weeks ago, the "consultation group" of the Left decided to resolve as soon as it could, by July if possible, the problem of restructuring the political leadership bodies of the Broad Front, gearing them to the front's current look 14 years after its founding. The "consultation group" consists of Liber Seregni, other candidates that the entire Left backs, and a representative from each of the main segments of the Broad Front.

The National Plenary of the Broad Front, the deliberative and decision-making body that takes up the coalition's main issues, owes its current structure to political accords worked out during the time of the front creation (February 1971) and to minor adjustments after the 1971 and 1984 national elections. The People's Victory Party (PVP) and candidates Jose D'Elia and Mariano Arana obtained the right to vote in 1984.

The 57 votes in the Broad Front's plenary break down as follows: 18 for the "Advanced Democracy" coalition, consisting of the Communist Party, the Broad Front Popular Movement (Rodriguez Camusso's group), the Leftist National Liberation Front (or FIDEL) and the new group that German Araujo heads; 9 for the "Movement for the Government of the People" (6 for the List 99 and 3 for the Socialist Movement); 3 for the Socialist Party; 6 for the Christian Democratic Party; 15 for the Independent Democratic Left (IDI) which consists of "Pregon," the Alba Roballo faction that backed the Zelmar Michelini election list in 1971, the PVP, and factions most of which operated in 1971 under the subtitle of "Patria Grande": the Popular Union, the Broad Front Rank-and-File Groups, the Groups for Unified Action and the Nationalist Action Movement.

The remaining six votes at the plenary belong to "independent citizens" and common Broad Front candidates: Liber Seregni, Victor Licandro, Juan Jose Crottogini, Jose D'Elia, Hugo Villar and Mariano Arana.

After the 1984 national elections, which greatly altered the distribution of votes within the Broad Front compared to 1971, certain factions began to loudly demand an organizational revamping, which had already been under consideration. Exclusively on the basis of the votes that each group has, the political weight of factions such as the 99 or the Socialist Party is

clearly too small in the plenary, while the IDI has proportionally four times as much clout in the plenary as its contribution to the Broad Front's November vote total (see table).

Some sectors, however, cite the extraordinary importance to the Left of factors such as rallying power, organizational cooperation and presence in the rank-and-file committees and in implementing the Broad Front's tactics. In their judgment, these factors offset, albeit only partly, the significance of the contribution of other groups that garner more votes but have smaller memberships.

They also point to the distortions that the November 1984 ban of the Communist Party and other groups, including almost all those in the IDI, created in the vote distribution within the Broad Front.

"In 1971 we were all on an equal footing," Senator Francisco Rodriguez Camusso told BUSQUEDA, "but no one can truthfully say that in 1984 some Broad Front groups did not enjoy major advantages over others."

The Rank-and-File

In addition, the front's leadership has been saying for years that it is willing to include representatives of its activists (the rank-and-file) in leadership bodies by electing delegates from the rank-and-file committees. The decision was prompted by the fact that the Broad Front is a movement, not a political party, by the desire to make it "participatory" and by the favored status accorded to activists within its ranks.

Some time ago the leadership of the Broad Front proposed ("Just a trial balloon," BUSQUEDA was told) a new "half-and-half" National Plenary: half of the delegates from among the various political groups and the other half to consist of delegates chosen by the rank-and-file committees.

At the present plenary, however, the political groups have by common agreement assigned 25-30 percent of the votes to the rank-and-file, especially those from the interior of the country. "As far as we are concerned, the Broad Front was, is and will be a political coalition, and therefore its leadership must be in the hands of political groups, above and beyond the necessary involvement of the rank-and-file," Carlos Vasallo, the new secretary general of the Christian Democratic Party, told BUSQUEDA.

"Giving the delegates from the rank-and-file committees a third of the votes at the plenary means weakening the political sectors," said a spokesman of the 99 who refused to be identified, adding that "in any event, 30 percent of the votes at the plenary for the rank-and-file is nothing to be sneezed at."

Not everyone, however, seems to be satisfied with reserving this percentage of the voting power for the rank-and-file. Jorge Pasculli, the editor of the Broad Front weekly newsletter LAS BASES, wrote in its most recent issue: "Not only has the restructuring been delayed; it has been undermined

as well." Referring to the cutback in the rank-and-file's participation at the plenary from the initial proposal, Pasculli added: "It would have been better to come out and say this from the beginning. It would have been clearer, more truthful than frustrating hopes little by little."

In the same edition columnist Milton Schinca cautioned that "such a decision would cause perhaps irreparable trauma within the Front" in light of the expectations that had been awakened among members.

The sense of urgency about the restructuring seems to have infected the leadership. "It has to be done quickly," said Rodriguez Camusso. "We have to restructure before anything else," BUSQUEDA was told by Martin Ponce de Leon, who represents the Groups for Unified Action (GAU), which include the IDI, at the Broad Front plenary. "We are all in a hurry," acknowledged a spokesman of the Communist Party.

Ponce went on to say: "The qualitative, not the quantitative element is the most important, because of the significance of representation for the committees as common structures throughout the Front that can appoint members of the national leadership."

Party Representation

Sixty percent of the votes at the upcoming plenary were originally assigned to the political groups; it remains only to ascertain how many each will have. After acknowledging that herein lie the major differences, one source said that consideration is being given to the idea of assigning each group a minimum number of votes, which would increase in accordance with its contribution at the polls, in organization and in membership.

The representation of the 99 would be made level with that of Advanced Democracy. Whereas the former has held just 15.8 percent of the votes at the plenary so far, the latter has had 31.6 percent.

The decision-making power of the Socialist Party would also grow ("It has been sold short up to now," says one leader), while the IDI's would shrink. (Various sources expressed concern over the major changes and revampings that the IDI is undergoing and that are causing problems for it in decision-making and in selecting its executive representatives.)

Some circles also voiced concern over the influence that the 99 and the Socialist Party would have as a coalition at the future National Plenary (Running under a common banner at the last elections, the two groups garnered almost 55 percent of the Broad Front's votes.)

"There is no pact between the 99 and the Socialist Party to automatically take identical stands," a 99 spokesman told BUSQUEDA. "They do have an ideological affinity and short-run common ground."

Nonetheless, sources in other groups indicated, the 99 and the Socialist Party have been undertaking joint action among students and in unions

(along with the Christian Democrats) and offering joint lists, which points to prior understandings between their top political echelons.

"Smooth discussions" are under way on the topic of weighting for each sector, various sources indicated, "and this will be the substance of a political accord, presumably before too long."

"Weighting representation in accordance with performance at the polls is a major criterion, though not the only one," said a spokesman of the 99. Carlos Vasallo (Christian Democrats) concurs, adding that "other important elements should be considered as well, though. All of the groups ought to have at least some representation, the outcome of a given election notwithstanding. Otherwise, the coalition would cease to mean anything. There ought to be some sort of weighting for other factors too, political presence, membership, etc."

Senator Rodriguez Camusso from the Broad Front Popular Movement (Advanced Democracy) discussed the issue at length: "The Front is not and will not be a party; it is a coalition. Thus, vote-getting ability is not the only criterion. The political organizations have values that go beyond ballot box fluctuations. In 1971 Michelini was almost left out of the Senate even though he was supported by Roballo's group. Who would it have occurred to then to reduce the influence and role of a well-known figure like Michelini just because his vote total was small on that occasion? Likewise in 1971, the Socialist Party was left out of the Senate. No one concluded at the time that it was less important because of it. What happened to the Socialist Party in 1971 happened to the Christian Democrats in 1984. Does anyone in his right mind think that the Christian Democratic Party is less important in the Broad Front because of its slipup at the polls? Moreover, some sectors of the Front do not run in elections. It also includes a great many citizens who do not belong to any group but who vote for one when the time comes. This short-sighted criterion cannot be the decisive one."

Other Bodies

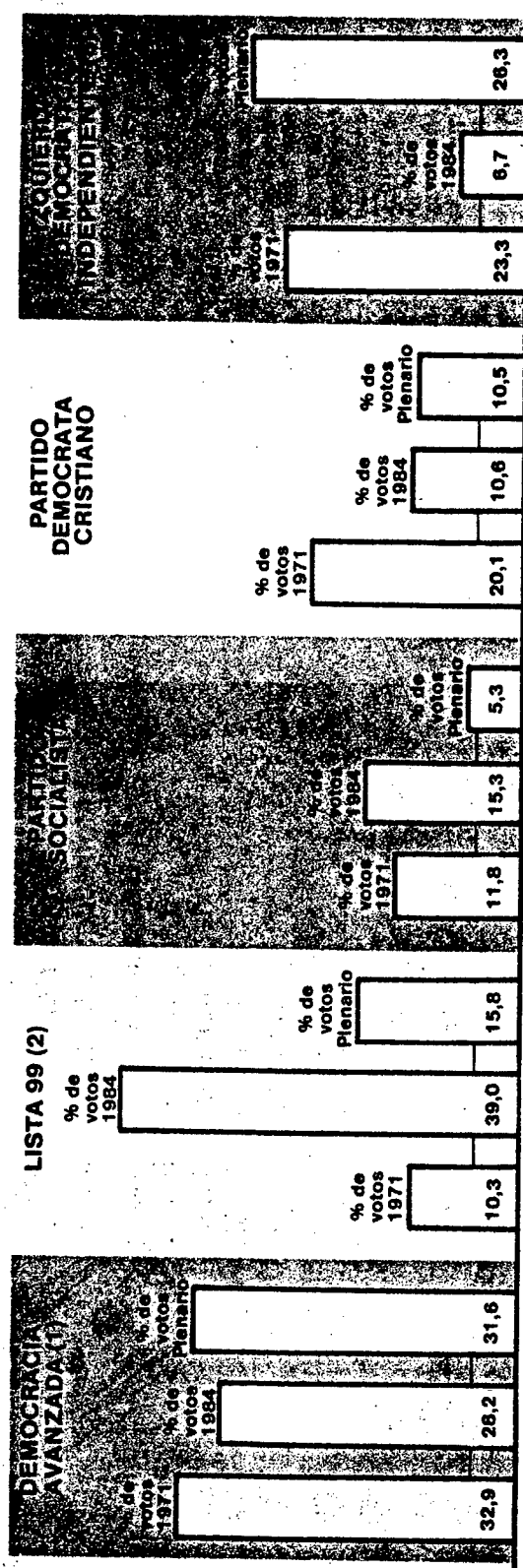
In addition to the National Plenary, the Broad Front leadership is also looking into the structure and makeup of other decision-making bodies: the Political or Executive Board and the National Congress.

The Political Board has so far been the least debated issue, inasmuch as its makeup will largely follow what is decided concerning the plenary. The board will reportedly have a minimum of 5 and a maximum of 14 members. One suggestion under discussion is to have it consist of the president of the Broad front and two delegates from each electoral list.

The Congress would be a much larger body than the plenary and would meet every 30 months. Its functions and makeup are under discussion.

"In our judgment, the plenary, not other bodies such as the Congress, should run the Broad Front politically," stated the secretary general of

The Broad Front: Votes in the 1971 and 1984 National Elections and in the Coalition's Plenary,
Breakdown by Coalition Members (in percent)



- (1) Subtitled FIDEL in 1971. Includes the Communist Party, FIDEL, and the factions headed by Francisco Rodriguez Camusso and Germqn Araujo (the latter since 1984).
 - (2) Includes the Socialist Movement; together they constitute the "Movement for the Government of the People."
 - (3) Subtitled "Patria Grande" in 1971. Includes Pregon (Alba Roballo's group), Broad Front Rank-and-File Groups, GAU, UP, the Nationalist Action Movement and the PVP. In 1971, Dr Alba Roballo entered into an election coalition with the List 99.
- Of the 57 votes in the Broad Front's National Plenary, 6 (10.5 percent) belong to independents: Liber Seregni, Victor Licandro, Juan Jose Crottogini, Jose D'Elia, Hugo Villar and Mariano Arana. In both the 1971 and 1984 elections a small number of votes were cast for the Broad Front as a whole. Also, in 1971, a group called the 7 October Independents' Movement got a bit more than one percent of the Front's votes.

should run the Broad Front politically," stated the secretary general of the Christian Democratic Party, Carlos Vasallo. The main groups share this principle for the most part.

The Mechanism of the Consensus

"There have been wideranging discussions on how to provide for the involvement of the rank-and-file," a spokesman of the Communist Party told BUSQUEDA. He also said that there has been lengthy debate "on the future method of political decision-making in the Broad Front and in which cases the decisions must necessarily be by consensus. In principle, a consensus would be required on issues involving fundamental ideological principles or definitions or on major political issues."

Martin Ponce de Leon from GAU stated that "although news stories underscore the times when there have been split votes, the history of the Broad Front is essentially a history of consensus." Ponce went on to say that "accordingly, the moral and political authority of the plenary's resolutions stems mainly from the fact that the apportionment of the votes in the plenary is the result of a political accord and, therefore, is based on authority that arises from a collective decision, not from an individual right."

"We need only remember how we have all respected the authority of the plenary at all times, even though we have been aware of its limitations," Ponce de Leon indicated.

A spokesman of the 99 said that his group "stresses the need to act by consensus in the Executive Board and, depending on the issue, in the plenary perhaps as well. The political groups or the representatives of the rank-and-file could be given the right to call for consensus decisions on specific issues."

Once the Broad Front's new political organization chart has been worked out in committee, the National Plenary will have to approve it. This is essentially a pro-forma step, inasmuch as the draft under consideration will already have the OK of the various groups.

A decision on the restructuring had been proposed for mid-July but was postponed because of the deliberations that the Left had to undertake on the Constitutional Assembly provided for in Act 19. Now, with a freer hand, the leadership is moving quickly towards that decision.

8743

CS0: 3348/794

URUGUAY

STUDENT UNION REACHES CONSENSUS ON POLITICAL ISSUES

Montevideo BUSQUEDA in Spanish 4 Jul 85 p 18

[Text] Contrary to predictions, the resolutions of the ASCEEP-FEUU [Federation of Uruguayan University Students] Convention were passed by a wide majority.

The 410 convention delegates met over the weekend at the Platense Patin Club and took stands on national political and university issues. They then recessed, as the agenda had not been completed.

With regard to domestic politics, the ASCEEP-FEUU, which the students call just the FEUU, came out against paying back the foreign debt, voiced support for the economic program of the PIT-CNT [National Convention of Workers] and approved of the National Programmatic Accomodation [Concertacion Nacional Programatica].

Concerning higher education, the students demanded a larger budget for the university, backed the efforts of the rector and the deans and, for the most part, came out for an end to private universities.

The union's new Executive Secretariat was also elected on Sunday. It consists of Edgardo Rubianes (1929), Juan Fresno ("D"), Pablo Iturralde and Jorge Galdnini (11), Daniel Bolani and Gonzalo Mujica (19 July), and Daniel Vizziano, Jorge Rodriguez and Julio Salberaglio (98). The figures in parenthesis identify the lists on which they were running.

Opposition to IMF

Various motions on domestic political issues were presented on Saturday, and stands on university matters were taken as well.

Since the motions were often similar, many were combined and thus passed by overwhelming majorities. One of the most important had to do with the foreign debt.

The convention opposed IMF involvement in foreign debt rescheduling, urged nonpayment of principal and interest and called for steps to declare a debt moratorium.

Following up on this issue, the convention then decided to support the program drawn up by the PIT-CNT labor union federation.

Later on, acting on opposing motions, the delegates resolved to continue the accomodation policy and reached a consensus on the goal of "intensifying democracy."

The student assembly also resolved to push for the repeal of Act 19 and stressed the need to "revitalize the 'intersocial.'"

Opposition to Private Universities

As far as higher education policy was concerned, the convention resolved to push for a repeal of the provisions under which private universities can operate and to call for a larger higher-education budget and smaller appropriations for the Defense and Interior ministries.

The university was also described as "committed to national liberation" and was urged to support the grievances of the "grassroots movement."

Rector Samuel Lichtensztein spoke on Saturday and mentioned repeal of the law establishing private universities and the links that he feels should exist between the public university and social movements.

Since the agenda was a long one, items such as union and foreign policy were not addressed. The convention adjourned until probably next weekend.

8743

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URUGUAY

STUDENT LEADER ON CHANGES WITHIN UNIVERSITY ORGANIZATION

Montevideo BUSQUEDA in Spanish 4 Jul 85 p 18

[Interview with Edgardo Rubianes, leaders of the ASCEEP-FEUU; date and place not specified]

[Text] The leader of the student union ASCEEP-FEUU [Federation of Uruguayan University Students], Edgardo Rubianes, said that the union's attitude towards the Sanguinetti government is "primarily critical" but that to judge by the documents approved at the convention, "it is not a categorical opposition."

He also indicated in an interview with BUSQUEDA that "partisan politics will be the death of the FEUU," adding that "those who are moving in this direction, even if unconsciously, are going to weaken the union."

He also stated that "the student movement will be on the side of those who will struggle to have the university play a role in the national liberation process, along with the workers and all of the segments of the grassroots movement."

The 31-year old Rubianes is an advanced veterinary student. He was reelected to the Executive Secretariat of the ASCEEP-FEUU from list 1929, which he asserted "was put forth by a coalition of independent groups that was formed recently and that seeks to put together a university bloc for national liberation,"

The following is a summary of his interview with BUSQUEDA:

[Question] What percentage of university students does the ASCEEP-FEUU represent?

[Answer] The FEUU has about 15,000 affiliates, and there are some 50,000 university students. But I should clarify that there are more than 20,000 in the Law Department, which is where the union is weakest, having just

1,800 members. In most of the departments more than 50, 60 or 70 percent of the students belong to the union.

[Question] What briefly are the union's main grievances at the moment?

[Answer] It is working on two levels. First, it is a social force in which together with the grassroots movement at large we are struggling to expand our democracy; there are two objectives in this regard. We want to break with the IMF policies, which impact the educational system and the university in particular in one way or another, and we want to dismantle the apparatus of repression. On the other level, the student movement is working to rebuild higher education.

From these two levels of action and these two goals we can gather that the struggles for a larger budget for education in general and the university in particular and for financial aid commensurate with students' tragic situation, will be our two major banners in the short run, as well as everything having to do with clearing up the cases of missing persons.

[Question] You among other leaders have come out against a drift towards partisan politics in the union. Is this the trend?

[Answer] We could say that there is a trend. In this regard, everyone is to blame for identifying university-student or union schools of thought with given parties. Some sectors made use of their partisan political labels to summon nonactivist students to the working meeting prior to the convention. In various centers we saw posters indicating that a particular political group was voting for such and such a list, which we feel is very much at variance with the stands that those same groups have taken at other times. Those of us who promoted list 1929 have always defended the union's nonpartisanship, which is not the same as political independence. We agree that the union should take political stands, debate and discuss political issues, because involvement in national life and the struggle against the dictatorship, in CONAPRO and in many other organizations, reflect the political concerns of the university movement. Partisan politics will be the death of the FEUU, and those who are moving in this direction, even if unconsciously, are going to weaken the union. This runs counter to the concept of participatory democracy, the indispensable requirement for which is that the social instruments that are gradually created not be directly answerable to political parties.

Politicizing a union in an open, democratic internal debate is not the same as making use of partisan politics, which can take various forms, which has been manifesting itself lately and which is one of our main concerns. Specifically, I don't think that partisan politics has taken over the union completely today; I think that the trend has to be cut short because the future and the strength of the FEUU depend on it.

[Question] What does ASCEEP-FEUU think of the new government 4 months into its term?

[Answer] A declaration passed last Sunday at the convention voices concern over the status quo in economic policy and the maintenance of the apparatus of repression, for which the administration is partly responsible. Although the union did not spell out its position in this regard, there was a motion, which lost by a few votes, that made more specific mention of the IMF-policy status quo and the retention of the apparatus of repression. The consensus is that IMF policies are still being pursued. Therefore, our attitude is primarily critical, but not one of categorical opposition in the documents that were approved.

[Question] What is the status of university professors?

[Answer] We could divide them into several categories. First there are the regular professors, who are the ones who were in prior to 1973. They were either dismissed or remained in their posts without the intervention altering their status. Then there are the temporary professors, both the ones who were before 1973 and the ones who have been appointed on a temporary basis during these months of autonomous, democratic university governance. The third category includes the provisional professors, whose appointment the democratic university authorities regard as illegitimate, and we are waiting for the faculty roster to be straightened out with the ongoing open searches to fill positions. There will open competitions for temporary positions over the coming months, as we can see from the papers. They are open both to the holders of provisional posts and to others who did not have the chance to apply under the dictatorship. The people best suited for the posts will be appointed on the basis of their qualifications and in accordance with the decisions that the councils make. They might be the provisional professors themselves or people who have never held a teaching post.

[Question] Are there differences between now and 1973 with regard to the demands, language and behavior of university students?

[Answer] There have been some changes, because the situation is obviously not the same. The country is different, and all social organizations and political groups interact with their environment. Prior to 1973 Uruguay was marked by escalating authoritarianism and major social conflicts, with the student movement playing a role in this framework, as it has historically done in whatever environment it has found itself in and, therefore, using a certain type of language and following a specific course of action. Today the institutional, social and political framework is different; hence, there are differences in the language and course of action.

[Question] Have there been changes in the dominant ideologies among students?

[Answer] Yes, I think that the union has made major gains among sectors that were reluctant to join before 1973. Today we find that there are really no groups that want to operate parallel to the FEUU, which was not the case in 1973. There was an attempt to create a parallel structure

that year in one way or another. Today everyone acknowledges union representation. Since participation has broadened, this means that within the union the spectrum of opinions has changed. Clearly, though, the FEUU has not abandoned its longstanding principle of anti-imperialism, its commitment to the workers and its other grievances. Nevertheless, colleagues from every political camp have been joining the union.

[Question] The ASCEEP-FEUU Convention described the university as "aligned with the interests of the people." What is the scope of this description?

[Answer] It stems from a prior description of the university as a public institution in which there is ongoing conflict between those who seek to maintain the status quo and those who seek to change it. The student movement is clearly on the side of those who want to stop perpetuating the values that place Uruguay in the camp of dependent capitalist countries and who identify the main contradiction as between dependence and liberation. Therefore, the struggle is for national liberation, and the student movement will be on the side of those who are struggling to have the university play a role in the liberation process, along with the workers and all segments of the grassroots movement.

8743

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URUGUAY

PCU LEADER MASSAROVICH ON COMMUNIST YOUTH RULE, TASKS

PY170304 Moscow in Spanish to Latin America 0000 GMT 9 Jul 85

[Interview with Jorge Massarovich, Uruguayan Communist Party, PCU, Executive Committee member, by an unidentified reporter; time and place not specified]

[Text] [Reporter] Companero Jorge Mazzarovich, what is your opinion of the Uruguayan youth's struggle against the dictatorship that oppressed Uruguay for 11 years?

[Mazzarovich] Those were very hard and difficult years. The youth, particularly the communist youth, paid a high price for their honorable participation in the struggle. Those years of struggle by Uruguayan youth left dead, missing and tortured persons and detainees by the thousands. However, we must stress that not only has there been suffering and pain but, above all, experience, unity and readiness for combat among the great mass of Uruguayan youth. I believe that to say that this struggle was led by Uruguayan communist youth involves no sectarianism, because this is exactly what happened.

[Reporter] What tasks are the Uruguayan communist youth undertaking now?

[Mazzarovich] The Uruguayan communist youth, who emerged from the struggle against the dictatorship stronger and with considerable prestige in the eyes of Uruguayan youth, are committed--now more than ever--to uniting Uruguayan youth in the implementation of an anti-imperialist and democratic program. The Uruguayan communist youth must also strengthen the Broad Front, which is the people's alternative for gaining power. Another task is to do all in their power to improve and strengthen the labor and student movements and a number of democratic organizations made up of labor and people's sectors.

The communist youth are continuing their own expansion process. It has grown by the thousands over the last few months, when the most combative youths have joined its ranks.

I also want to stress the significant presence of Uruguayan girls in the struggle against the dictatorship and in the struggle being waged under the new political situation since the fall of the dictatorship and the restoration of democracy.

[Reporter] How will the Uruguayan youth participate in the Youth and Student Festival to be held in Moscow?

[Mazzarovich] The Uruguayan preparatory committee for the Moscow festival is made up of representatives of a wide range of sectors. All youth political organizations, labor and student groups, and other organizations are represented in the committee. The preparations for the festival have allowed hundreds of thousands of youths throughout the country, not only in Montevideo, to become acquainted with the festival and with the city of Moscow, where the festival will take place.

CSO: 3348/824

VENEZUELA

COPEI LEADERS DISCUSS FOREIGN DEBT PAYMENTS

Rafael Caldera's Views

Caracas EL UNIVERSAL in Spanish 12 Jul 85 p 1-12

[Text] Former President Rafael Caldera hopes that the creditor entities realize that the terms proposed for refinancing the foreign debt could become too stringent in comparison with the potential of the debtor countries.

Caldera claims that the terms for payment of the debt depend on the debtor's potential, which entails respect; because in the case of Venezuela, the people are entitled to live and that right depends on the opportunities that can be accrued through their products, and the major export product is oil. Of course, the effort must be made to fulfill the commitments.

The top-ranking Social Christian leader said that his party is willing to contribute stimulation for non-oil exports, some new and others traditional, such as coffee, for example; because a good coffee development program could prove very important, as well as the substitution of imports of food products. But all this represents medium and long term programs, and the combined proportion that they have in the volume of oil exports is still very slight.

Caldera spoke with newsmen during a break at the Bonaire Four meeting, held in the Tovar Complex to analyze the country's economic situation and to submit alternatives that would make it possible to surmount the crisis.

During the meeting, an analysis was made of the oil market, the foreign debt and the refinancing terms, as well as the internal effects of failure to reactivate the economy; because all the indicators disclose that unemployment is rising.

Caldera gave a reminder that, at the Ninth Congress of Workers held by CTV [Confederation of Venezuelan Workers], Democratic Action's secretary general, Manuel Penalver, had admitted that there are 1.5 million unemployed in the country. The official figures do not amount to as much, but indicate a rising rate in any event. As for the cost of living, the former president has the impression that the statistics are extremely conservative, but in any case indicate a trend which warrants concluding that real wages have undergone a progressive cut and the measures which could avert this are not immediately visible.

"For this reason, the proposal for a wage hike is an imperative of social justice. To be sure, that measure must be accompanied by all the precautions against parasitical effects' occurring; but we must realize that, just as the number of persons without work is increasing, the purchasing power of those who are working is declining."

Caldera said that, for the first time in modern Venezuela, consumption has dropped, and this indicates a recession which is cause for concern. "All these things force us to stimulate whatever can contribute to the reactivation of the economy and render all kinds of cooperation. When we make a severe criticism, we are contributing to the country's benefit, offering solutions at the same time."

He noted that the country must do everything possible to protect the oil income and to have the refinancing terms geared to the new situation; at least with an escape clause that will prevent their being too burdensome for the Venezuelan people and their development. Of course, the generation of confidence must be encouraged; which demands that precise, firm lines be devised so that those with the capacity to invest will feel that the country's progress is obvious.

He stressed the need for protecting and stimulating all the economic activities which constitute the best sources of employment, because COPEI [Social Christian Party] still thinks that unemployment is the primary and most serious problem in the country. He recalled that, upon the death of Juan Vicente Gomez, President Lopez Contreras had to create public works programs and even free soup distributon. In 1958, Wolfgang Lazzarabal launched an emergency plan. The Social Christians want neither the one nor the other, but it is fitting to note that the unemployment in the country could come to have very serious connotations within a very short time.

Eduardo Fernandez' Views

Caracas EL UNIVERSAL in Spanish 12 Jul 85 p 1-14

[Text] COPEI thinks that Venezuela should make the payment of the installments stipulated in the foreign debt refinancing program contingent on a percentage of the value of its oil exports.

The Social Christian Party's secretary general, Dr Eduardo Fernandez, remarked: "If the industrialized nations deteriorate the international oil market and OPEC, the debtor countries will simply be unable to pay."

COPEI is of the opinion that the terms achieved for the refinancing are not realistic. The government must speak clearly to the country and to the creditors. With the present conditions, the debt is unpayable. The official spokesmen are already saying that new refinancing will have to be sought, and this is a lack of responsibility.

The leading opposition party established its position in this respect on the basis of four points: defense of OPEC and of the Venezuelan markets, incentive for internationalization of the oil industry, and an appeal to the government to carry out a policy of consensus with sincerity.

Bonaire Four

Eduardo Fernandez spoke with reporters during a break in the meeting called "Bonaire Four," at which Social Christian and independent experts analyzed the country's economic problems. The preliminary conclusions are as follows:

"We have made a very serious and very thorough analysis of the present economic situation and the crisis which the country is experiencing. The first conclusion is that the government has definitely not understood the magnitude, the nature and the depth of the crisis. The diagnosis of the situation has been erroneous and hence the remedies that have been enacted, rather than extricating the country from the crisis, have aggravated it; and the results, after a year and a half of administration are visible," claimed Fernandez.

"Greater economic stagnation, rising unemployment, a decline in real wages, increased inflation and a worsening of the quality of life have been observed.

"Nevertheless, the meeting took place with an optimistic sign, because there is unanimous agreement that the country has a major potential for surmounting the difficulties. The crisis is manageable and surmountable, but of course this requires a thorough correction of the government's mistaken policies, as well as the concrete contribution from all sectors, parties, workers, business owners and the government, primarily."

The meeting dealt with four main topics: reactivation of the economy, the employment and wage problem, refinancing of the foreign debt and the oil situation; utilizing the reports provided to it by Dr Julio Sosa Rodriguez, who attended the recent OPEC meeting in Vienna. It was resolved to produce a document within a week, which would contain COPEI's fundamental propositions.

The leading opposition party also agreed to maintain monitoring teams in each of these areas to intensify the analysis of the situation. The document will be submitted to the public because COPEI feels dutybound to help guide the national life and to offer the contribution of its well founded criticism to open a dialogue that will make it possible to hear the voices of those without access to the decision-making centers and offer proposals that will help to correct the course, and to become very well prepared not to make mistakes when it is again given the responsibility for governing.

Reactivation of the Economy

Fernandez said that the stagnation of the economy began during the government of President Carlos Andres Perez, and has lasted too long a time. The current government's strategy for reactivation has definitely failed, and the country is entitled to demand a rendering of accounts and a change in the policies

that have failed. There was no reactivation in 1984, nor in 1985, and the outlook for 1986 is still a debilitation of the international oil market. In the face of this situation, the government's response has been one of continuing to use the model of increased public spending as a tool for dynamizing the economy. This system is depleted, because the budget of millions failed to reactivate and the additional investments programs stipulated for the next 3 years will put the country more deeply into debt, this time with stress on the domestic debt.

Another government strategy has been to reactivate by stimulating supply, raising prices to procure greater production, which would reduce prices and improve the quality of life; but this has failed because there is no reinvestment and hence employment has not risen, there is no market and costs are rising.

Employment and Wages

The unemployment problem has reached extremely serious levels, unprecedented in the 27 years of democracy, and the wages frozen for nearly 10 years have undergone a substantial decline. For the first time, a reduction has been shown in consumption levels; which in clearer terms means hunger, malnutrition and poverty. The country must acquire an awareness of this reality and find solutions.

COPEI proposes, in the first place, an effort to reactivate the economy through a policy of confidence, with clearly established groundrules, in support of key sectors such as agriculture, tourism, and the activities to substitute for imports, and stimulation of non-oil exports. A policy for wage adjustment and an increase in aggregate demand are undeferrable at the same time.

COPEI's Contribution

Fernandez said that his party is prepared to offer the government formulas for correction and to offer the country a policy of expansiveness that will confront and surmount the crisis.

"The meeting served to intensify the analysis of the situation and to contribute solutions. Hence, in a peremptory and categorical manner [words missing from text], to surmount the difficulties, but the policies have not changed. We are also preparing to have clearcut ideas and concrete solutions for submitting our electoral platform and for governing during the next term. The president will come to power with all this work well under way."

Fernandez concluded by saying: "Unfortunately, the team accompanying President Lusinchí is not prepared to govern."

2909

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VENEZUELA

BCV REPORTS SLIGHT INCREASE IN LIQUIDITY

Caracas EL UNIVERSAL in Spanish 16 Jul 85 p 2-2

[Text] According to figures compiled by the Central Bank of Venezuela, the liquid assets in the possession of the public have grown slightly so far this year as a consequence of the expansion of the money supply.

In fact, monetary liquidity has risen by 1.6 percent this year, an increase of 2.776 billion bolivars. This brings the total to 180.343 billion bolivars as of 28 June 1985.

This was made possible by the gradual improvement in the money supply, which totaled 43.279 billion bolivars as of that date. This means that it has grown by 7 percent, or 5.151 billion bolivars.

The reason for this upswing is that the Central Bank has been mobilizing part of its non-monetary liabilities through the Exchange Compensation Fund, and more use has been made of the resources in the Venezuelan Petroleum, Inc. (PDVSA) fund. The effects of these moves have been felt for most of the year.

Last week the money supply jumped more sharply than ever before (1.324 billion bolivars), due primarily to the fact that during the same period the PDVSA fund fell by 3.491 billion bolivars from the previous week's total.

If it were not for the significant influence the immobilized resources of the PDVSA still have on non-monetary liabilities, the money supply, and therefore liquidity, would have expanded much more.

This is because the international reserves possessed by the Central Bank are still undergoing an expansive trend, to the extent that last week the balance amounted to 74.135 billion bolivars. This represents an increase of 5.087 billion bolivars over the balance registered at the end of last December.

Internal assets, on the other hand, declined by 3.497 billion bolivars. The drop of 7.735 billion bolivars in the paid capital and reserves of the Central Bank to a total of 12.033 billion bolivars made up for this decline, however.

This was the result of the transfer of funds to the Exchange Compensation Fund; previously these resources were accounted for as reserves that the Central Bank set aside to make up for any exchange losses.

The improvement in monetary liquidity has enabled banks to attract a high volume of public deposits. Although deposits in commercial banks fell off slightly by 469 million bolivars, to a total of 125.863 billion bolivars, this is attributable to the jittery market reaction to the intervention in the Banco de Comercio and the unfounded rumors of other interventions.

This is no indication of the market's behavior, however, because it is atypical. Mortgage banks' deposits declined by 47 million bolivars, but as indicated earlier, this is no reflection of real market behavior.

The surplus reserves of commercial banks totaled 6.487 billion bolivars as of the close of the week ending 28 June 1985, which means that commercial banks are pursuing a policy of keeping liquidity high. This total represents an increase of 4.144 billion bolivars, or 176 percent.

8926

CSO: 3348/836

VENEZUELA

AMUAY REFINERY, PIONEER IN COMPUTER PROCESSING

Caracas EL UNIVERSAL in Spanish 13 Jul 85 p 2-24

[Article by Esteban Hurtado]

[Text] Judibana, 12 July—In Latin America, the Amuay refinery is a pioneer in the use of computers to monitor refining processes. It began to use them in 1973, when it installed a system to manage the hydrodesulfurization complex.

At present, the refinery monitors all processing, movement and mixture of crude oil with a battery of 11 computers that carry out 95 percent of all monitoring functions.

Another five computers are designed to process administrative and accounting data, make technical calculations, design mathematical models, control material inventories, plan activities and support a great variety of functions that are essential to the refinery.

Decade of Good Results

After the installation of the computer system in the hydrodesulfurization complex in 1973, three other systems were installed to monitor processes in the specialties area, receiving and supply operations, and the conversion complex.

In areas other than process control, Amuay uses computers to attain higher productivity among technical personnel and in operations.

In the laboratory, computers automate the scheduling of sample testing, the collection of analytical data and the distribution of the results to the control centers.

In the information center, computers aid in the storage and recovery of technical information. In the process simulation area, a computer helps operators train under conditions identical to those of the plant's real operation.

Another Pioneer Initiative

Until 2 years ago, we were told at the Amuay Refinery, very little technology was successfully tested in the use of computers for the fluid flexicoking and alkylation processes.

In this regard, Lagoven's Project MPRA [expansion unknown] was an ambitious effort. In 1982, it began to install computerized systems to control these process units.

In the receiving and supply area, the system monitors more than 160 tanks, 400 valves, 80 pumps, a gasoline mixer and a mixer for fuels with a high sulfur content, and the tasks associated with movements for mixing crude and product.

This system makes possible the automatic selection of lines and equipment, the automatic execution of operational sequences, and the control of field elements during these tasks.

As an added convenience, the system has made it possible to incorporate facilities that contribute to the productivity of the engineers and operators, such as displaying schemes and diagrams to determine current values, or changing the adjustment points of the variables in the process, and monitoring the previous values stored in the computer's memory.

Benefits

Amuay's computers maximize the yield of valuable products in the processing plants, at the expense of less valuable products. In the mixtures, the more valuable components are also used to best advantage, while specifications for the final product are still met, in accordance with the informational picture that is presented.

We must not forget the contributions computers make in terms of fuel and steam savings. The use of computers increases the efficiency of the ovens' combustion and cuts the use of steam in compressors. This reduces the consumption of water, natural gas and other fuels.

The economic benefits of using computers for process control come from the added income from a higher sales volume of products that are more valuable, and from the savings resulting from lower fuel and steam consumption.

Three studies have been conducted at Amuay to quantify the benefits of computerized process control. According to these studies, the economic benefits derived from using this technology total more than \$15 million per year, concludes the report that Lagoven-Amuay released to Punto Fijo journalists.

8926

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16 August 1985

VENEZUELA

12 BILLION BOLIVARS FOR AGRICULTURAL DEVELOPMENT ANNOUNCED

Caracas EL UNIVERSAL in Spanish 14 Jul 85 p 1-25

[Text] The national government intends to invest about 12 billion bolivars to create four area authorities, in order to consolidate agricultural and livestock development in major regions of the country.

This information was revealed by Minister of Agriculture and Livestock Felipe Gomez Alvarez at the end of a ceremony honoring the 20th anniversary of the class of agricultural engineers that bears his name. The ceremony took place in the Agricultural Zoology Auditorium of the Central University of Venezuela (UCV) School of Agronomy, in the city of Maracay, state of Aragua.

Gomez Alvarez stated that the area authority is a mechanism established by the Territorial Organization Act. It is designed for those regions that require a special infusion of financial resources because of their ecological importance to agriculture, or any other factor of economic interest.

He indicated, in this regard, that the administration has authorized four area authorities: South Lake Maracaibo, Masparro-Uribante, Guanare-Masparro, and the Unare Basin. Each of them has specific plans and/or projects.

With regard to dairy policy, the minister of agriculture and livestock declared that the situation has been gradually brought back to normal. He added that recently he met with the members of the Senate Agriculture Committee to discuss in detail the results that have been obtained so far from general agricultural measures.

"On that occasion," he went on, "I was able to demonstrate to the senators the positive outcome of the dairy and meat policy. At present, the latter sector is meeting the needs of the domestic market. We also provided figures to show that this year, production in some grain sectors will be at record levels.

Gomez Alvarez also mentioned the fruit policy that was formulated by his ministry. He refuted the assertions made by the Chamber of the Venezuelan Food Industry (CAVIDEA), to the effect that far from encouraging the development of the country's fruit industry, this new mechanism benefits other sectors, and thus the fruit sector is treated unjustly.

The minister of agriculture and livestock stated: "Industry should obtain fruit supplies from national sources; our country is blessed with the most delicious and nutritious fruit of any nation."

He also explained that former imports of exotic products will be replaced gradually. He cited the case of grapes, which are already being sold on the domestic market "with a Venezuelan flavor and a very Zulian accent."

"The problem is that many people think they can continue to import products that are available in Venezuela. As for fruits, this is no longer the case, so the ban on imports is still in effect, and will remain," said the minister.

With regard to the shipment of crops, Gomez Alvarez stressed the need for industry and farmers to deal directly with each other, because there is no reason for the state to intervene in this process. "The Ministry of Agriculture and Livestock (MAC)," he said, "has been urging these two sectors to engage in a dialog so that they can reach a definitive agreement."

He noted that only if the two sectors cannot reach a mutually satisfactory agreement will the national government intervene to guarantee grain production. That production is expected to exceed 200 million metric tons.

Most of the former students of the current minister of agriculture and livestock, who are now highly respected professionals, managed to attend the celebration of the "20th Anniversary of the Felipe Gomez Alvarez Class." One of them, Rafael Benito Andrade, an agricultural engineer and prosperous farmer from the state of Guarico, made the opening speech.

"This event," said Rafael Benito Andrade, "represents for each of us a reaffirmation of a life full of personal experiences, affection and friendship that has always sustained us and kept us together."

"Furthermore," he continued, "it shows how correct we were when we decided 20 years ago to choose Felipe Gomez Alvarez as our sponsor. He was a wise teacher and an honest man of many qualities, who has never yet disappointed us."

"We possess a wealth of knowledge and an invaluable experience which we must put to the service of our institutions. Let us have faith in our people, in ourselves, in the Creator of the Universe," he concluded.

Felipe Gomez Alvarez, the sponsor honored by his disciples of 20 years ago, expressed his great satisfaction, pleasure and emotion at being once again among his diligent proteges.

He stressed that we are entering a crucial period in the country's agricultural production that will not be haphazard, but rather a legal process that will guarantee that in the coming decades, the agriculture and livestock system will continue to be the foundation of the country's economic and social development.

"For this purpose, we have men such as yourselves, my proteges, men and women who for 20 years have devoted themselves to gaining an education and using it to make our Venezuela a sovereign nation, free of food imports. And that is the key to our security," he added.

Finally, the Felipe Gomez Alvarez Class of 1965 unveiled a plaque that had been placed at the foot of a majono tree, honoring their sponsor.

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END